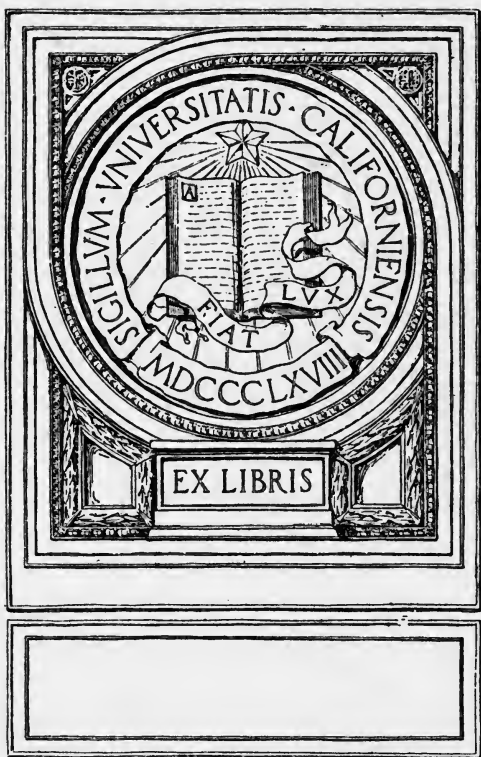


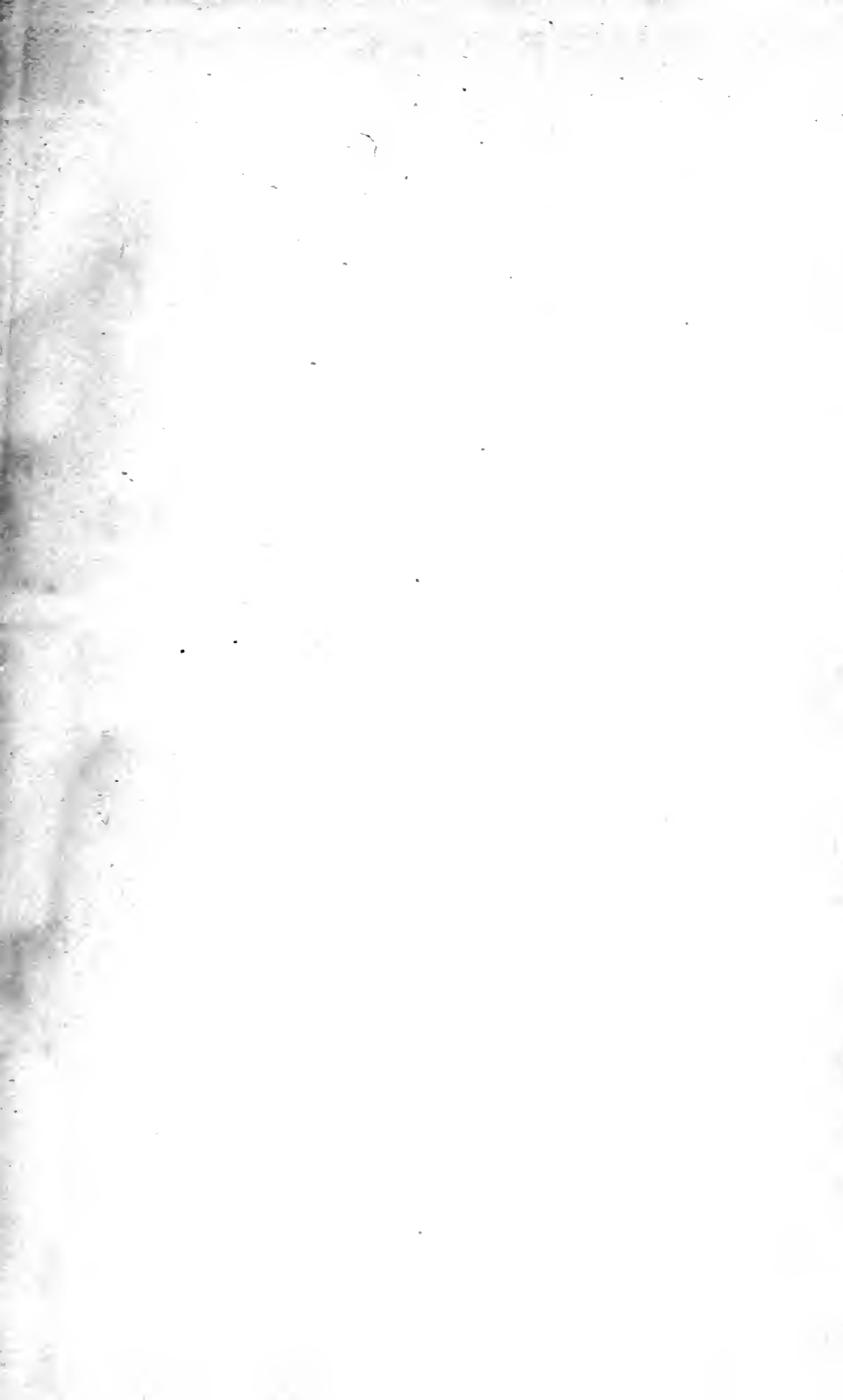
UC-NRLF



8B 38 753







Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

Bookkeeping for Accountant Students.

BY THE SAME AUTHOR.

	PRICE
"ADVANCED ACCOUNTING." (Fourth Edition) -	21/-
"AUCTIONEERS' ACCOUNTS." (Second Edition) -	3/6
"AUDITING." (Ninth Edition) - - -	10/6
"BANKRUPTCY TRUSTEE'S ESTATE BOOK." (Second Edition) - - - - -	4/-
"BOOKKEEPING EXERCISES FOR ACCOUNTANT STUDENTS" (Second Edition) - - - - -	3/6
"BOOKKEEPING FOR COMPANY SECRETARIES." (Fourth Edition) - - - - -	5/-
"DEPRECIATION, RESERVES, AND RESERVE FUNDS." (Third Edition) - - - - -	3/6
"GOODWILL AND ITS TREATMENT IN ACCOUNTS." (Third Edition) - - - - -	5/6
"HOTEL ACCOUNTS." (Second Edition) - - -	3/6
"PROFITS AVAILABLE FOR DIVIDEND" - - -	2/6
"SOLICITORS' ACCOUNTS." (Second Edition) - - -	3/6
"STUDENT'S GUIDE TO ACCOUNTANCY." (Second Edition) - - - - -	2/6

GEE & CO. (Publishers) Ltd., 34 Moorgate Street, London, E.C.

BOOKKEEPING

FOR

ACCOUNTANT STUDENTS

BY

LAWRENCE R. DICKSEE, M.Com., F.C.A.
ⁱⁱ
(of the firm of Sellars, Dicksee & Co.)

FORMERLY PROFESSOR OF ACCOUNTING AT THE UNIVERSITY OF BIRMINGHAM,
NOW LECTURER AT THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON).

SEVENTH EDITION.

LONDON :
GEE & CO. (PUBLISHERS) LTD., 34 MOORGATE STREET, E.C.

—
1913.

HF 5635
.D5
1913

THE NEW
LIBRARY

CONTENTS.

	PAGE
PREFACE TO FIRST EDITION	ix
PREFACE TO SEVENTH EDITION	xi

PART I.

I.—GENERAL INTRODUCTION	I
II.—SIMPLE LEDGER ACCOUNTS	12
III.—CLOSING THE LEDGER	24
IV.—TRANSACTIONS OF HENRY JACKSON	35
V.—THE "CONTINENTAL" SYSTEM	45
VI.—CLOSING THE LEDGER ON THE "CONTINENTAL" SYSTEM	54
EXERCISES	60

PART II.

	PAGE
VII.—COMMERCIAL TERMS, with their French and German equivalents, defined	66
VIII.—ACCOUNTS OF TRADERS (Cash Book, Bill Books, Discounts, Partners' Capital, and Drawing Accounts)	73
IX.—ACCOUNTS OF TRADERS (<i>continued</i>) (Goods Accounts, Purchases, Sales, Consignments)	91
X.—TRANSACTIONS OF FOX & CRANE (Opening the Ledger, the Subsidiary Accounts) ...	102
XI.—TRANSACTIONS OF FOX & CRANE (<i>continued</i>) (Trial Balance, Closing the Ledger): CONSIGNEES' ACCOUNTS	114
XII.—ADJUSTMENT ACCOUNTS AND SELF-BALANCING LEDGERS	132
EXAMINATION PAPERS	144

PART III.

	PAGE
XIII.—ACCOUNTS OF MANUFACTURERS (Wages Accounts, Stores Accounts, Cost Accounts)	158
XIV.—TRANSACTIONS OF A MANUFACTURING COMPANY (Share Accounts, Allotments, Transfers, Debentures, &c.)	168
XV.—TRANSACTIONS OF A MANUFACTURING COMPANY (<i>continued</i>) (General and Trade Ledgers)	181
XVI.—TRANSACTIONS OF A MANUFACTURING COMPANY (<i>continued</i>) (Cost Accounts, Closing the Books, Dividends)	198
XVII.—FORMS OF ACCOUNTS AND ACCOUNT BOOKS (Double-Account System, Single-Account System, Ledgers, Journals, Cash Books)	210
XVIII.—MISCELLANEOUS QUESTIONS OF ACCOUNT ...	228
—	
INDEX	236

PREFACE TO FIRST EDITION.

THE extremely unsatisfactory results which, it will be admitted, usually attend instruction in the principles of elementary Bookkeeping afford good grounds for supposing that there is some radical fault in the method of instruction generally adopted. The principle of Bookkeeping may be likened to the principle upon which an arch is constructed, where each stone rests upon every other stone for support, and of which the keystone—which is at the top of all—is the most important and the most distinctive. No one wishing to impart instruction upon the principles upon which an arch is constructed would commence with a detailed exposition upon the properties and characteristics of each separate stone; rather would he first exhibit to the student a model of the completed arch, and then pull it to pieces for the student's edification. In Bookkeeping, however, the mode of instruction usually adopted is to weary the student with a minute description of the various parts before he is even told that they will eventually form one component and harmonious whole; the immediate consequence being that the minute portion of his attention that is not alienated by the apparent aridity of his subject is exclusively occupied in relatively unimportant matters of detail, and when the course is finished it is found that, while perhaps more or less conversant with the letter of the theory, he has not even so much as learned whether there be a spirit.

The position of such an one may be likened to that of the student of physiology who, while well acquainted with the form of some of the principal bones in the human frame, has not the remotest notion of the relative positions of such bones

in the skeleton as a whole. Until the whole can be conceived as a whole, the most minute study of its component parts will be found singularly stale and unprofitable.

In view, therefore, of the necessarily unsatisfactory result of all instruction in the science of Bookkeeping conducted upon the old lines, it is felt that no apology is necessary for the method adopted in the work now placed before the public. It may be added, however, that the Author's system has been found to work well in practice, and to secure for its disciples a thorough knowledge of the theory of Double Entry in a remarkably short space of time.

It is desirable that all the exercises upon each chapter should be worked out before the next chapter is commenced, and that each Part should be properly mastered before proceeding to the subsequent Part.

Although the present work is primarily intended for the use of Accountant Students, it will be found equally suitable to those preparing for the Civil Service, Society of Arts, and other similar examinations.

LAWRENCE R. DICKSEE.

14th December 1892.

PREFACE TO SEVENTH EDITION.

SINCE the first edition of this work was published, some twenty-one years ago, six editions (representing 10,000 copies) have been exhausted; and the fact that each successive edition has been sold out in a shorter space of time than the previous one is, it is thought, sufficient indication that the hopes expressed in the preface to the first edition have been justified.

It has not been thought desirable to make any material alterations in the general scheme of the work, as originally presented, but the opportunity has been taken to embody certain improvements in matters of detail and to correct misprints. Any attempt to make the present volume really exhaustive would have necessitated a great increase in size, and would have entirely altered the original arrangement. The Author has, however, issued a more complete work upon "Advanced Accounting," that has already reached a fourth edition, to which the reader is referred for information upon all points too advanced to be included in the scope of the present volume.

It may be added that, in order to meet a wish which has been expressed in several quarters, the Author has published, in a separate form, a series of 100 questions under the title of "Bookkeeping Exercises for Accountant Students," which may be regarded as a supplement to the present work. A skeleton key is appended to these exercises, so that students may see for themselves whether their answers are correct.

LAWRENCE R. DICKSEE.

48 Copthall Avenue, E.C.,

19th July 1913.

I.—INTRODUCTION.

BOOKKEEPING may be defined as the science of correctly recording in books transactions involving the transfer of money or money's worth.

In recording these transactions there are two objects to be aimed at :—

(1) It is necessary that the record be so explicit that, at any subsequent time, the exact nature of the transaction may readily be perceived without the aid of the memory.

(2) It is necessary that the transactions should be so classified that at any time the combined effect of such transactions during any given period, or at any given time, may readily be ascertained.

It is the necessity for combining these two fundamental principles that makes the main difficulty of practical Bookkeeping; the expression "practical" Bookkeeping is used advisedly, for if time and labour were no object the difficulty might be got over with comparative ease. As it is, however, it is extremely rare, except in businesses of the simplest kind, to find a set of books perfect upon both points that do not involve in their keeping an amount of labour out of all proportion to the result achieved.

In England it is a very general custom for bookkeepers to rely upon Copy Letter Books, Invoices, and other extraneous sources to elucidate transactions which ought to have been made plain to an outsider merely examining the books of account

themselves. In fact, many English books on Bookkeeping totally ignore the first of the requisites just named. On the other hand, in France, Italy, and Spain (and also to a great extent Germany), the system usually adopted involves almost twice the labour on the part of the bookkeeper ; but, while it minutely records the nature of each individual transaction, it is inferior to the English method in point of classification and in other matters of convenience. Foreign bookkeepers for the most part appear to labour under the impression that businesses were made for books, and not books for businesses, but surely the latter is the more correct supposition.

✓ The two principles named (viz. the explicit record of each transaction, and a ready classification of such transactions when recorded) are in reality both vital, and both equally important ; it is therefore very necessary that the reader should bear them constantly in mind, if he wishes to follow the why and the wherefore of a good system of Bookkeeping.

Having now ascertained to a certain extent the nature of the records it is necessary to make, attention may be directed to the things in which the records are made : viz. the Books.

✓ It goes without saying that the same books are not always equally suitable for the record of all kinds of transactions, or, in other words, that different kinds of business each require a different set of books ; in fact, it is frequently desirable that businesses of the same kind should have their accounts kept differently, in order to meet some slight variation involved by a different class of trade. But in all cases (whether the books be those of a bank, an insurance office, a chimney-sweep, or a private gentleman) they are kept for the same purpose—the record of transactions involving the transfer of money or money's worth—and consequently vary in matters of detail only, the ruling principle being the same in all.

Books, then, are divisible into two great classes :—

- (1) Books of Account, or Financial Books.
- (2) Memorandum, or Statistical Books.

The first book of account ever used was probably a mere record of transactions entered as they occurred, and consequently in chronological order ; being, in fact, little more than a Memorandum Book. A very few moments' consideration will show that, as soon as these transactions became either very numerous or very varied in their nature, a mere chronological record would be all but useless, and that some method of classification became absolutely necessary.

This being perceived, it became the custom to sort out the various transactions into their several classes, and to re-write them in another book (the Ledger) under separate headings, keeping each class of transaction under its proper heading, and referring to such heading whenever any information was required upon that class of transaction.

It may be considered that Bookkeeping itself dates from this time, for Books of Account, properly so called, hardly existed before this period ; while all that has been done since has been to follow up and improve upon the lines thus indicated, and the complexity of modern Bookkeeping is due to the multiplicity of detail required by the growth of modern commerce, rather than to any radical alteration in the principle of the original design.

The two books named are, in fact, the only Books of Account in use even at the present time : the first, called the *JOURNAL*, or *daily register* (so called because it contains a record of each day's transactions), in some form or other still retains all its ancient functions, and although in the course of centuries it has been found convenient to divide the book into

sections, and call the various parts Sales Book or Day Book, Invoice Book or Purchase Book, &c., yet, in fact, they are merely so many "Journals"; and to this day in all Continental houses of business, and in a few English ones, all transactions are carried through some form of Journal, although subsidiary books are often used to record the fuller details.

The second book named is the LEDGER, so called because in that book the entries of all the transactions are *laid or stored up*, for future reference. Most businesses have also a Cash Book; but it will save the reader a great deal of confusion at a subsequent period if, at this early stage, he learns to regard the Cash Book as neither more nor less than an account in the Ledger, bound up separately for the sake of convenience.

The Ledger, as already stated, contains a record in classified form of transactions involving the transfer of money or money's worth. Thus, if A. sold John Smith goods to the value of, say, £20, there would be a page in A.'s Ledger headed "John Smith," showing that he was A.'s debtor for £20 on account of goods sold to him. When Smith paid A., say, £10 on account, that £10 used to be subtracted from the £20, and

JOHN SMITH.

1500											£	s	d
Jan.	1	Goods sold him ..	..	..	..	..	..	..	..	..	20	0	0
	20	Cash paid by him	..	..	..	..	..	..	..	..	10	0	0
											£10	0	0

the difference showed the amount still owing by Smith to A. It was very soon found, however, that there were two weighty objections to this manner of proceeding: (1) The bookkeeper was always liable to *add* instead of *subtracting*, and *vice versâ*, in which case the error would not be specially obvious; (2)

without reading the whole account, it would not appear whether John Smith owed the money to A. or A. owed it to him. To meet this difficulty each Ledger Account was divided into two:—Upon one side were placed the items for which he was A.'s debtor, and upon the other side (the *contra* Account) those items for which he was A.'s creditor, the balance being readily ascertainable at any time by adding up the two sides and striking a balance.

Dr.	JOHN SMITH.	CONTRA.	Cr.
1500 Jan. 1	To Goods	1500 Jan. 20	By Cash
	£ 20 s 0 d		£ 10 s 0 d

At first sight the reader may possibly have some little difficulty in seeing how, when Smith owes A. £20, he becomes A.'s creditor upon payment of £10; but in Bookkeeping, as in many other things, we must examine each transaction by itself as it arises; the time to set one off against another being after they have been placed side by side in the Ledger.

Now that the Ledger had been separated into two sides, it became necessary to distinguish in the Journal upon which side of the Ledger each transaction should appear, and thus two columns soon found their way into the Journal, one for sums to be placed on the Dr. (debtor) side of the Ledger Account, and one for the Cr. (creditor) side.

JOURNAL.				Dr.	Cr.
				£ s d	£ s d

By this time it will be perceived that Bookkeeping had already become a matter of some little complexity, and doubt-

less even at that remote period the errors made by the book-keeper were a source of considerable annoyance and loss ; it was therefore but natural that men should begin to see if they could not devise some means by which such errors should become self-evident. Then, doubtless, they asked themselves what was the exact nature of the transactions they recorded in their books, and arrived at the conclusion that the transactions they recorded were—as stated at the outset—*transfers*.

Let us ask ourselves, What is a transfer? A transfer is a “conveyance of anything from one person or place to another.” A transfer thus (and consequently the class of transactions with which we deal in Bookkeeping) involves a *twofold act*—if A. pays John Smith £20, he, receiving the cash, is A.’s debtor ; but A.’s Cash Account, being so much the poorer, is (so far as that one transaction goes) his creditor. Thus A. is enabled to record this one transaction on both sides of his Ledger ; and by recording all his transactions on both sides of his Ledger, it will readily be seen that at any time, by adding up each side of his Ledger, and comparing the total amount of the Dr. side with the total of the Cr. side, a check is at once obtained ; for, if there be a mistake, it is unlikely in the extreme that the two sides will agree.

At first sight, however, the advantage seems to be more than compensated by the extra labour—for *primâ facie* it amounts to keeping the books twice over. But notwithstanding this, no subsequent discovery has caused us to abandon the principle of Double Entry thus founded. More than four hundred years have now elapsed since the first treatise on Double Entry Bookkeeping was published, but although many modifications and improvements have been made since then, by means of which the amount of labour involved has been enormously reduced, the fundamental principle of Double Entry has remained unchanged. Indeed, it is only in English

speaking countries that any serious attempt has been made to lessen the extra labour involved by Double Entry, and—bearing in mind that “the whole is equal to the sum of its parts”—to attempt a form of classification in the Journal by which a vast number of small entries in the Ledger may be obviated.

These preliminary remarks upon books would not be complete without some reference to the second class of books named, viz., Memorandum, or Statistical Books. These books vary with every class of trade, and are merely used to record details that could not conveniently appear in the Books of Account, or if they do so appear are not in a form suitable for convenient reference.

The Policy Books of an Insurance Office, the Ground Rent Register of a Mortgage Company, and (frequently) the Cost Book of a Contractor are examples of such books. It should, however, be carefully borne in mind that they are not Books of Account, and (from a Bookkeeping point of view) have no value except in so far as they serve to explain entries appearing in the Books of Account that might otherwise be obscure. It may be added that many frauds have remained undetected through want of attention to this most important point.

The object of this chapter being merely to give a general (although necessarily extremely superficial) idea of the whole subject, rather than to consider any one point exhaustively, we will now return to the Ledger—which the reader need hardly be reminded is *the* book—and try and convey a rough idea of the principle upon which a Balance Sheet is prepared.

Up to the present time Accountants have not agreed upon any precise form in which a Balance Sheet shall be drawn up, consequently specimens are to be found in several different forms. This is very confusing to the beginner, and it is not

therefore intended at the present time further to distract the reader with a discussion as to the merits of the various forms in use. It will suffice to explain what a Balance Sheet really is.

A Balance Sheet is a statement showing upon one side the assets of the business in question, and on the other side the liabilities. If the assets exceed the liabilities the surplus is the capital of the business that has to be accounted for to its proprietors, and it appears as such on the liabilities' side, so that the totals of both sides agree. On the other hand, should the liabilities exceed the assets, the difference is called a deficiency, or capital overdrawn, and is entered on the assets' side. At first sight this may appear somewhat strange. "If I have a capital of £1,000," the reader says, "how can it appear on the liabilities' side; surely it is an asset?" True, but he must always remember to look upon the business as something quite apart from the person or persons to whom it belongs. The business has a surplus of £1,000, which belongs to its owner; therefore that owner is a creditor of the business for £1,000. It will thus appear that the business makes no distinction between its owner and any other creditor. Scottish readers, whose mercantile law recognises the existence of a firm as something distinct from its individual partners, will doubtless grasp the situation more readily.

Inasmuch as the Ledger contains, in a classified form, a record of all the transactions, it is obvious that, from the Ledger, we can at any time readily ascertain both the assets and the liabilities of the business. That is to say, the Ledger keeps a continuous record of the amount owing to the business, the amount owing by it, and of the property belonging to it. The excess of the assets over the liabilities is (as already stated) the capital, and if the capital at the end of any period is greater than at the commencement of that period, the

difference will be the profit made during that period—assuming, of course, that no fresh capital has been brought in or withdrawn during that period. Similarly, if the capital has become reduced, there will have been a loss.

In taking out a Balance Sheet from the Ledger, however, numerous accounts will be found that represent neither assets nor liabilities, but sources of expense or of income. In this connection the following rules will be found most useful :—

(1) When an item is on the left-hand or Dr. side of the Ledger :

(a) If the amount will eventually be received, it is an asset.

(b) If the amount will not eventually be received, it is a loss.

(2) When an item is on the right-hand or Cr. side of the Ledger :

(a) If the amount will eventually have to be paid, it is a liability.

(b) If the amount will not eventually have to be paid, it is a gain.

This rule never fails; but, of course, the question as to whether an amount will eventually be received or not requires a knowledge of the facts of the particular case for its correct disposal; and, even then, may be a point of much difficulty—in fact, this is one of the difficulties of correctly reporting upon the affairs of any business—for because A. owes B. £100 it does not in the least follow that B. will ever receive his £100 from A. If he does eventually receive it, of course it was one of B.'s assets, but if not, B. must look upon it as a loss.

For theoretical purposes, however, one may readily suppose the distinction made. That having been done, the losses and gains are collected into one account, usually called the **Profit and Loss Account** in trading concerns, and the **Revenue Account** in non-trading concerns. In this account the losses will appear on the Dr. side and the gains on the Cr. side, while the difference between the two sides will show the total gain or loss, as the case may be.

As every source of gain or loss has been included in this account, the total gain made during the period under review (as shown by this account) added to the Capital at starting (or the total loss deducted from the Capital at starting, as the case may be) will give the Capital at the end of the period. If there is no error in the books this will be the same thing as the Capital shown on the Balance Sheet drawn up at the end of the period, and here, again, the check of the Double Entry comes in. It is here also that the especial value of the Double Entry shows itself, for a very few moments' consideration will show that the question "How have I made my profit?" is in reality almost more important than the question "What profit have I made?" As, however, the point involved here belongs to Accountancy rather than to Bookkeeping, it is unnecessary to pursue it further at the present time.

QUESTIONS ON CHAPTER I.

1. What is Bookkeeping?
2. What are the two objects to be aimed at in every system of Bookkeeping?
3. What is a Journal?
4. What is a Ledger?
5. What is understood by the signs "Dr.," "Cr."?
6. In what respect is every transaction recorded by Book-keeping of a twofold nature?
7. What is Double Entry?
8. What is a Balance Sheet?
9. What is understood by the term "Capital"?
10. How is the Net Profit or Loss arrived at from a set of books?

II.—SIMPLE LEDGER ACCOUNTS.

THE Ledger has already been defined as a classified record of transactions. It is now proposed to deal more in detail with the various Ledger Accounts required in books of the simplest kind ; and, for the purpose of giving a more definite interest to this and the two following chapters, the accounts required to be kept by a person owning a set of chambers, let out to various tenants, will be described in detail as being, perhaps, one of the simplest sets of accounts conceivable.

Ledger Accounts are usually divided into three classes :—

- (a) Real Accounts, dealing with actual property.
- (b) Personal Accounts, showing the record of transactions between the owner and the various persons with whom he has business transactions.
- (c) Nominal Accounts, dealing with various forms of Income and Expenditure.

There is no essential difference between Real and Personal Accounts.

- (a) Taking Real Accounts first, the various accounts required for the set of books now being considered are as follows :—

(1) *Cash Account*.—This account, as its name implies, records all transactions in cash, whether received or paid by the owner.

<i>Dr.</i> CASH.				CONTRA. <i>Cr.</i>			
1913		£	s d	1913		£	s d
Jan. 1	To John Smith ..	50	0 0	Jan. 16	By Bank	150	0 0
16	" Thos. Brown ..	125	0 0	31	" Do.	50	0 0
21	" Wm. Robinson ..	35	0 0	"	" Wages	3	6 8
Mar. 27	" James Jones ..	75	0 0	Feb. 28	" Do.	3	6 8
				Mar. 31	" Do.	3	6 8
				"	" Bank	50	0 0

In the above example the items on the *Dr.* side are those which have been received by the owner from the various persons named. In Bookkeeping it is the custom to consider that the owner does nothing for himself, consequently it is assumed that when a person pays him in a sum of money it is not *he* who receives it, but his Cash Account, which—having received it for him—is accordingly his debtor for the amount so received. Perhaps the transaction will appear clearer to the reader if he looks upon this account as an account between the owner and his cashier, who, having received the money on his employer's behalf, is liable to account for it subsequently, and is meanwhile a debtor for the amount so received. The word "*To*" in front of each name on the *Dr.* side signifies that—so far as that one transaction is concerned—"Cash" (or the cashier) is "*debtor to*" the person from whom the amount was received.

In a similar manner Cash (or the cashier) is entitled to take credit for (or "*by*") the amount of the payments made from time to time out of Cash. Thus, in the example, it appears that £250 has been paid away to "*Bank*" and £10 in "*Wages*." The actual amount for which Cash is "*Debtor*" (*i.e.* accountable) on the 31st March is thus, not £285 (the total amount received), but £285 less £260 (the amount of the payments), which leaves £25 for which Cash

is still Debtor. This is what is called a "Debtor Balance," which may be defined as the amount by which the Dr. side of an account exceeds the Cr. side:

Hence the meaning of the word "Contra" at the head of the account. The two sides of the account represent similar, but opposite, transactions, which may be set off *against* each other.

The method of balancing the Cash Account, as it is called, will be dealt with later, under the heading of Closing of Ledger.

(2) *Bank Account*.—This account is, in reality, a "Personal" Account, but on account of its likeness to the Cash Account it may, perhaps, be more conveniently dealt with under this head.

Dr.		BANK.			CONTRA.		Cr.			
1913			£	s	d	1913		£	s	d
Jan. 16	To Cash	150	0	0	Feb. 7	By Portland Estate				
31	" Do.	50	0	0		Ground Rent		12	10	0
Mar. 31	" Do.	50	0	0	Mar. 6	" H. Jackson (private expenses)		100	0	0
					22	" Repairs		17	10	0

In this account, as in the Cash Account (and as, also, in every other Ledger Account), the amounts received are entered on the Dr. side, and those paid on the Cr. side. It will be noticed that the "debit entries" (as receipts on the Dr. side are called) correspond with the payments into Bank recorded in the Cash Account. The "credit entries" are for payments made by the bank upon orders signed by the owner, which are commonly known as cheques. The item of £100 paid on March 6 is for a sum withdrawn by H. Jackson (the owner) for his own private expenses. How this is dealt with we shall see at a later stage. The difference between the Dr. and Cr. sides here represents the balance at the Bank.

(3) *Leasehold Premises Account*.—This account will record the value of the property owned by Mr. Jackson, together with any transactions that may increase or decrease its value.

Dr. LEASEHOLD PREMISES.			CONTRA.			Cr.		
1913 Jan. 1	To Balance from last account (value at this date) ..	£ s d 15,000 0 0	1913 Mar. 31	By Depreciation of Lease		£ s d 100 0 0		

The item on the Dr. side represents the value of the property on the 1st January, which is said to be due to the owner from this account. If any structural alterations had been made during the quarter whereby the value of the property was increased, the amount of such increase would have been entered on the Dr. side, and so have increased the £15,000 by that amount. In the present case, however, the value of the property is supposed to have decreased, by reason of the term upon which a lease of the property is held being shortened. This decrease (or depreciation, as it is called) has been estimated at £100, and is accordingly entered to the credit of the Property Account, the value of the property on 31st March being accordingly reduced to £14,900, the balance of the account on that date.

(b) Under the heading of Personal Accounts the first to be dealt with is the

(1) *Capital Account*.—This is the account between the owner and his business. The set of books under consideration do not comprise the whole of H. Jackson's affairs, but only those relating to the particular set of Chambers referred to. Whatever may be due to this business, either from debtors or investments, are called assets, and any outstanding

debts due by this business are called liabilities. The amount by which the assets exceed the liabilities is called the capital; but this capital belongs not to the business itself, but to H. Jackson as owner. The business can make no profits and hold no property for itself; both belong entirely to the owner, and, until they are drawn out of the business by the owner, he is the creditor of the business for the amount of such property and profits.

The Capital Account, then, is the account showing the extent to which the business is indebted to the owner.

Dr. CAPITAL ACCOUNT.				CONTRA.		Cr.
1913 Mar. 6	To Bank (private expenses) ..	£ s d 100 0 0	1913 Jan. 1 Mar. 31	By Balance at this date .. " Revenue Account	£ s d 15,197 10 0 166 5 0	

In the above account it will be seen that, on 1st January, £15,197 10s. was due to H. Jackson as representing the capital of the business at that date. On the 6th March this sum was reduced by £100, which he drew out of the bank for his own private expenses. On the other hand, the Revenue Account prepared to the 31st March (*vide* p. 26) shows that a profit of £166 5s. has been made during the quarter. This profit, as already explained, belongs not to the business, but to its owner, and (not having been received by him) is owing to him. His Capital Account will accordingly be credited with this amount, and the sum due to him on the 31st March then becomes £15,263 15s.*

(2) *Business Debtors*.—The following are the Ledger Accounts showing the indebtedness of the four tenants of Mr. Jackson's Chambers :

*This latter transaction is recorded in italics in the example.

<i>Dr.</i> JOHN SMITH.			<i>CONTRA.</i>			<i>Cr.</i>		
1913 Jan. 1	To Balance at this date	£ s d 50 0 0	1913 Jan. 1	By Cash		£ s d 50 0 0		
Mar. 31	" Rent for the quarter ..	50 0 0						

<i>Dr.</i> THOMAS BROWN.			<i>CONTRA.</i>			<i>Cr.</i>		
1913 Jan. 1	To Balance at this date	£ s d 125 0 0	1913 Jan. 16	By Cash		£ s d 125 0 0		
Mar. 31	" Rent for the quarter ..	125 0 0						

<i>Dr.</i> WILLIAM ROBINSON.			<i>CONTRA.</i>			<i>Cr.</i>		
1913 Jan. 1	To Balance at this date	£ s d 35 0 0	1913 Jan. 21	By Cash		£ s d 35 0 0		
Mar. 31	" Rent for the quarter ..	50 0 0						

<i>Dr.</i> JAMES JONES.			<i>CONTRA.</i>			<i>Cr.</i>		
1913 Mar. 31	To Rent for the quarter	£ s d 75 0 0	1913 Mar. 27	By Cash		£ s d 75 0 0		

Taking John Smith's account in the foregoing example, it will be noticed that the account is debited with the rent due from him, and that he receives credit for the amount paid by him. At the commencement of the year Smith still owed for the quarter's rent due on the 31st December, but paid cash for the same on the 1st January. On the 31st March another quarter's rent became due, but remained unpaid on the closing of the accounts on the 31st March. Smith, therefore, owed £50 on this date, which is shown on the account by the total of the *Dr.* side exceeding the total of the *Cr.* side by that amount.

The same remarks apply to the accounts of Thomas Brown and William Robinson; but, in the case of the latter, it will be noted that the amount of rent due for the March quarter is £50, while the sum due on the 1st January was £35 only. The explanation is that at the end of 1912 Robinson's rent was raised from £140 to £200 a year. It is, however, to be noted that the account, as shown, would have appeared the same had the rent for the December quarter also been £50, provided £15 had been paid on account before the close of the year; as, in that case also, the amount due on 1st January would have been £35.

In the case of James Jones it will be noticed that he follows the commendable practice of paying his rent a few days in advance; consequently nothing was due from him on the 1st January, and nothing is due on the 31st March.

(3) *Business Creditors*.—In the set of books now under consideration the only example of these accounts is the following:

<i>Dr.</i>	PORTLAND ESTATE.			CONTRA.			<i>Cr.</i>
1913 Feb. 7	To Bank	£ s d 12 10 0	1913 Jan. 1	By Balance due this date ..	£ s d 12 10 0		
			Mar. 31	" Ground Rent to date ..	6 5 0		

It will be noticed that on 1st January the Portland Estate were creditors for £12 10s. for a half-year's ground rent, but that they received a cheque for this amount on 7th February. On the 31st March a further quarter's ground rent had accrued (£6 5s.), and this amount was still owing to them when the accounts were closed. It will be noted that the total of the entries on the Cr. side exceeds the total of the entries on the debit side by £6 5s.

(c) Nominal Accounts (or, as they are sometimes called, Impersonal Accounts) naturally vary in name according to the nature of the business recorded. In this set of books there is only one source of income or profit, and this is recorded in the

(1) Rent Account, in which the rent is entered on the Cr. side as it becomes due.

Dr.	RENT.	CONTRA.	Cr.
		1913	
		Mar. 31	
		By John Smith ..	£ 50 0 0
		" Thos. Brown..	125 0 0
		" Wm. Robinson	50 0 0
		" Jas. Jones ..	75 0 0

The entries in the above example will be found to correspond with the amounts debited to the accounts of the various tenants. They are placed to the credit of Rent Account because they are transactions in which a benefit has been imparted by the business to other persons who have received a corresponding benefit. It will be remembered that, in just the same way, Bank Account parted with £12 10s. to the Portland Estate, and was credited with that amount; while the Portland Estate, having received a corresponding benefit, was debited with the amount.

Returning to the Rent Account, if any rent had been allowed to a tenant, it would have been necessary to debit the Rent Account and credit the Tenant's Account with the amount so allowed; but—fortunately for Mr. Jackson—no such transaction has to be recorded.

There are four Expenses (or Loss) Accounts in this set of books, viz. :—

- (2) Wages Account.
- (3) Ground Rent Account.
- (4) Repairs Account.
- (5) Depreciation Account.

<i>Dr.</i>	WAGES.		CONTRA.	<i>Cr.</i>
1913 Jan. 31	To Cash	£ s d 3 6 8		
Feb. 28	" Do.	3 6 8		
Mar. 31	" Do.	3 6 8		

<i>Dr.</i>	GROUND RENT.		CONTRA.	<i>Cr.</i>
1913 Mar. 31	To Portland Estate ..	£ s d 6 5 0		

<i>Dr.</i>	REPAIRS.		CONTRA.	<i>Cr.</i>
1913 Mar. 22	To Bank	£ s d 17 10 0		

<i>Dr.</i>	DEPRECIATION.		CONTRA.	<i>Cr.</i>
1913 Mar. 31	To Property Account..	£ s d 100 0 0		

The Wages Account records the cash payments to the attendant for looking after and cleaning the chambers. It is a benefit received by the department represented by this account, which is accordingly debited; but, inasmuch as no future benefit will result to the business from its payment, it is a business expense for the quarter, and goes towards the reduction of the profit. A similar remark applies to the Ground Rent and Repairs Account; but, with regard to the latter, it is to be noted in passing that, had there been any repairs executed but not paid for, they would be debited to

Repairs Account (increasing the balance of that account) and credited to a Personal Account opened in the name of the creditor, in precisely the same manner as the amount due for ground rent has been dealt with.

The object of the Depreciation Account has already been explained ; when the closing of the books is further dealt with, the final effect of this transaction will be obvious.

Before leaving the Nominal Accounts it may be added that—unlike the Personal and Real Accounts—the Nominal Accounts are closed each quarter (or at whatever other period the books are balanced) and the balance of each collected into one account, called the Revenue (or Profit and Loss) Account, the balance of which account shows at a glance the net result of the period's transactions. This point will, however, be fully explained later on.

TRIAL BALANCE.

Having now explained the meaning of each entry in the Ledger of Mr. Jackson, it is time to consider what is known as the balancing of the accounts.

The twofold nature of each transaction in Bookkeeping—by which each benefit conferred involves a corresponding benefit received—has already been dwelt upon ; and it will be noticed that this twofold aspect of the transactions (or *transfers*, as they really are) has been strictly maintained in the set of books with which we have been dealing. In order to test the clerical accuracy of work—a most necessary precaution where the number of entries is very numerous—it is usual to take out what is called a “ Trial Balance,” of which the following is a specimen :—

TRIAL BALANCE, 31st March 1913.

				Totals.		Balances.	
				Dr.	Cr.	Dr.	Cr.
				£ s d	£ s d	£ s d	£ s d
Cash	..	..	..	285 0 0	260 0 0	25 0 0	..
Bank	..	..	..	250 0 0	130 0 0	120 0 0	..
Property	..	..	..	15,000 0 0	100 0 0	14,900 0 0	..
*Capital	..	..	..	100 0 0	15,197 10 0	..	15,097 10 0
John Smith	..	..	..	100 0 0	50 0 0	50 0 0	..
Thomas Brown	..	..	..	250 0 0	125 0 0	125 0 0	..
William Robinson	..	..	..	85 0 0	35 0 0	50 0 0	..
James Jones	..	..	..	75 0 0	75 0 0	..	..
Portland Estate	..	..	..	12 10 0	18 15 0	..	6 5 0
Rent	..	..	..	..	300 0 0	..	300 0 0
Wages	..	..	..	10 0 0	..	10 0 0	..
Ground Rent	..	..	..	6 5 0	..	6 5 0	..
Repairs	..	..	..	17 10 0	..	17 10 0	..
Depreciation	..	..	..	100 0 0	..	100 0 0	..
				£16,291 5 0	£16,291 5 0	£15,403 15 0	£15,403 15 0

The first column of figures in the above example represents the total amount on the Dr. side of each account, the second column the total amount on the Cr. side of each account, the third column the amount by which the Dr. column exceeds the Cr. column, and the fourth, the amount by which the Cr. column exceeds the Dr. column.

If each transaction has been correctly recorded as a transfer, affecting two accounts in equal and opposite ways, it follows that the totals of the first two columns must be the same, and, consequently, that the totals of the second two columns must be the same. If, therefore, the totals *do* actually agree, there is good ground for supposing that the transactions are correctly recorded; and it is the check thus afforded by the Trial Balance which forms one of the great advantages of Double Entry.

Having now ascertained, by means of the Trial Balance, the accuracy of the record of the transactions, the bookkeeper may—as shown in the following chapter—proceed to “close the books” and prepare a Revenue Account and Balance Sheet.

*It is to be remembered that the figures in italics on the credit side of this account do not find their way to that place until a later period than that now being considered. The Revenue Account has not yet been compiled—still less its balance ascertained and transferred to Capital.

QUESTIONS ON CHAPTER II.

1. How many different classes of accounts are there?
2. Name them.
3. Give examples of each class.
4. State the use of each of your examples.
5. What would a Dr. balance upon each of your examples imply?
6. What would a Cr. balance imply?
7. What is a Trial Balance?
8. What is its object, and how is it effected?

III.—CLOSING THE LEDGER.

THE object of “closing” the Ledger is twofold, (1) to ascertain the net result of (*i.e.*, the profit or loss arising from) the transactions recorded ; and (2) to place on record, in a form convenient for subsequent reference, the state of each account on the date at which the books are closed. It has already been stated that, when the books are closed, the balance of each Nominal Account (or, in other words, the total profit or loss derived from every source) is transferred to one account—generally called, in trading concerns, the Profit and Loss Account, and, in non-trading concerns, the Revenue Account. It is now proposed to proceed to compile a Revenue Account from the transactions recorded in the last chapter.

As the Revenue Account is merely a collection of the balances standing on the various Nominal Accounts, it is obvious that Dr. balances will be transferred to the Dr. side of the Revenue Account, and Cr. balances to the Cr. side of the Revenue Account. Further, it is obvious that a Dr. balance on a Nominal Account cannot, after having been transferred to the debit of Revenue Account, still remain standing to the debit of the Nominal Account ; it is therefore necessary, when a debit balance is transferred to the Revenue Account, that the Nominal Account should at the same time be credited with the same amount. In the same way, if it is desired to transfer the Cr. balance of a Nominal Account to the Cr. of the Revenue Account, it is necessary both to debit the Nominal Account and to credit the Revenue Account with the amount of such balance.

The two sides of the Nominal Account will then total up to the same amount—"balance," as it is called—and such total is then entered on both sides to bear witness to the fact that such account does balance, and a double line is ruled under each total to signify that the account is "closed."

Referring back to the Rent Account given in the last chapter, it will be perceived that there is a credit balance on this account of £300. To transfer this balance to the credit of Revenue it is necessary to debit Rent Account, and credit Revenue Account with £300. Then add up both sides of the Rent Account, insert the total (£300) on each side, rule a double line under the total, and the Rent Account is closed; but there remains, of course, a Cr. balance (of £300) on the Revenue Account.

In the same way the four remaining Nominal Accounts are closed by crediting Wages Account with £10, Ground Rent Account with £6 5s., Repairs Account with £17 10s., and Depreciation Account with £100, at the same time debiting Revenue Account with all four amounts. These four Nominal Accounts can be then added up and closed; but there is left standing to the debit of Revenue £133 15s.—exactly the same amount as was formerly standing to the debit of the four Nominal Accounts collectively.

The following examples will show these transactions clearly, the italics representing the closing entries described above:—

Dr.			RENT.			CONTRA.			Cr.		
1913			£	s	d	1913			£	s	d
Mar. 31	To Revenue Account		300	0	0	Mar. 31	By John Smith ..		50	0	0
						"	" Thos. Brown ..		125	0	0
						"	" W. Robinson ..		50	0	0
						"	" Jas. Jones ..		75	0	0
			£300	0	0				£300	0	0

<i>Dr.</i> WAGES.			<i>CONTRA.</i>			<i>Cr.</i>
1913		£ s d	1913		£ s d	
Jan. 31	To Cash	3 6 8	Mar. 31	By Revenue Account..	10 0 0	
Feb. 28	" "	3 6 8				
Mar. 31	" "	3 6 8				
		<u>£10 0 0</u>				<u>£10 0 0</u>

<i>Dr.</i> GROUND RENT.			<i>CONTRA.</i>			<i>Cr.</i>
1913		£ s d	1913		£ s d	
Mar. 31	To Portland Estate	<u>6 5 0</u>	Mar. 31	By Revenue Account	<u>6 5 0</u>	

<i>Dr.</i> REPAIRS.			<i>CONTRA.</i>			<i>Cr.</i>
1913		£ s d	1913		£ s d	
Mar. 22	To Bank	<u>17 10 0</u>	Mar. 31	By Revenue Account	<u>17 10 0</u>	

<i>Dr.</i> DEPRECIATION.			<i>CONTRA.</i>			<i>Cr.</i>
1913		£ s d	1913		£ s d	
Mar. 31	To Property A/c. ..	<u>100 0 0</u>	Mar. 31	By Revenue Account	<u>100 0 0</u>	

<i>Dr.</i> REVENUE ACCOUNT.			<i>CONTRA.</i>			<i>Cr.</i>
1913		£ s d	1913		£ s d	
Mar. 31	To Wages	10 0 0	Mar. 31	By Rent	300 0 0	
"	" Ground Rent ..	6 5 0				
"	" Repairs	17 10 0				
"	" Depreciation ..	100 0 0				

It will be noticed that where there is only one line on each side of an account (as in the Ground Rent and the two following accounts) the total is not repeated, a double line merely being inserted under the figures on each side.

In order to make it quite clear to the reader that the above transactions have in no way affected the agreement of the Trial Balance, another Trial Balance is given below, as it would appear if extracted at this time—namely, *after* the Nominal Accounts have been closed :—

TRIAL BALANCE, 31st March 1913.

(After closing the Nominal Accounts.)

	Totals.			Balances.		
	Dr.		Cr.	Dr.		Cr.
	£	s	d	£	s	d
Cash	285	0	0	260	0	0
Bank	250	0	0	130	0	0
Property	15,000	0	0	100	0	0
Capital	100	0	0	15,197	10	0
John Smith	100	0	0	50	0	0
Thomas Brown	250	0	0	125	0	0
Wm. Robinson	85	0	0	35	0	0
James Jones	75	0	0	75	0	0
Portland Estate	12	10	0	18	15	0
Revenue Account	133	15	0	300	0	0
	£16,291	5	0	£16,291	5	0
				£15,270	0	0
				£15,270	0	0

It will be remembered that the Revenue Account has been credited with every source of income, and debited with every source of expense or loss; it therefore follows that the amount by which the credit side exceeds the total of the debit side is the net profit for the period over which the transactions extend. This net profit is £166 5s.

As already stated, this net profit does not belong to the business, but is owed by the business to its proprietor, H. Jackson. H. Jackson is thus a creditor of the business, not only for £15,097 10s. (the balance of his Capital Account) but also for this £166 5s. of profit. This fact is recorded by crediting the Capital Account with £166 5s. (as shown by the italics in the Capital Account stated in Chapter II), at the same time debiting Revenue with that amount, and closing the latter account thus :—

Dr.		REVENUE ACCOUNT.		Cr.	
1913 Mar. 31	To Wages.. ..	£ s d	1913 Mar. 31	By Rent	£ s d
"	" Ground Rent..	10 0 0			300 0 0
"	" Repairs ..	6 5 0			
"	" Depreciation..	17 10 0			
"	" Capital A/c (net profit for the quarter) ..	100 0 0			
		166 5 0			
		<u>£500 0 0</u>			<u>£300 0 0</u>

The Revenue Account, being merely a collection of the balances of the Nominal Accounts, is itself merely a Nominal Account, but now that all the Nominal Accounts are closed, and only Real and Personal Accounts left open, the bookkeeper is in a position to apply the second important check afforded by Double Entry—the agreement of the Balance Sheet.

As will be remembered, Real Accounts represent Assets, and Personal Accounts either Assets or Liabilities. The credit balance of the Capital Account represents the sum by which the assets exceed the liabilities due to outside creditors (that is, creditors other than the proprietor), and such assets and liabilities are the balances of the Real and Personal Accounts (other than the Capital Account). If, therefore, the accounts are correctly stated, a Balance Sheet comprising the balances of all the accounts except the Capital will show the same balance as that shown by the Capital Account.

The following is a Balance Sheet drawn up on these lines :

BALANCE SHEET, 31st March 1913.

LIABILITIES.	£ s d	ASSETS.	£ s d
Portland Estate ..	6 5 0	Cash	25 0 0
		Bank	120 0 0
		Property	14,900 0 0
		John Smith ..	50 0 0
		Thos. Brown ..	125 0 0
		Wm. Robinson ..	50 0 0

It will be seen that the assets' side of this Balance Sheet amounts to £15,270, while the liabilities' side is £6 5s. The difference is therefore £15,263 15s., representing the Capital, and this is the amount shown as the balance of the Capital Account.

To express this in another way. The business, as such, can own no property, but owes everything to its proprietor. It consequently follows that, if the accounts are correctly recorded, all the assets will be equal to all the liabilities (that is, all the liabilities *including* the Capital Account); or, in other words, the total of the debit balances will always equal the total of the credit balances.

To show that this is so in the present case, the Balance Sheet is here given in its complete form. The items have been re-arranged in the manner in which they would usually be stated, but the reader will have no difficulty in following each Ledger Balance to its place in the Balance Sheet.

BALANCE SHEET, 31st March 1913.

LIABILITIES.		£	s	d	ASSETS.		£	s	d
<i>Capital Account:</i>					<i>Property Account:</i>				
Balance 1 Jan.	£15,197	10	0		Balance 1 Jan.	£15,000	0	0	
Less withdrawn		100	0	0	Less Depreciation		100	0	0
		15,097	10	0			14,900	0	0
Net Profit for the quarter..		166	5	0	<i>Debtors:</i>				
		15,263	15	0	John Smith ..	50	0	0	
<i>Creditors:</i>					Thos. Brown ..	125	0	0	
Portland Estate		6	5	0	Wm. Robinson ..	50	0	0	
							225	0	0
					<i>Cash:</i>				
					At Bank	120	0	0	
					In hand	25	0	0	
							145	0	0
							£15,270	0	0
		£	15,270	0	0				

It may here be repeated that the great advantage of Double Entry is that it not only affords a most valuable check upon the clerical accuracy of the books, but also—by means of the

Revenue or Profit and Loss Account—it furnishes full details of the manner in which the profit, or loss, has been arrived at. It is thus possible to compare the various items of income and expenditure of different periods, and to consider whether or no certain sources of income are paying their way, and whether (and, if so, where) further economies can be effected. It is with this end in view that the various Nominal Accounts are kept, and the balance of each finally transferred to the Revenue Account. It will be obvious that the balance of the Revenue Account would have been just the same had all items of income or expenditure been posted to it direct, instead of being first posted to the various Nominal Accounts and then transferred; but in the former case—especially if the items were numerous—the record would be too confused to afford any data for the comparison of the various details in different periods. It is, indeed, possible to go even a step further, and to say that the balance of the Capital Account would have been the same if all items of income and expenses had been posted to that account direct, without availing oneself of the analytical advantages of Nominal Accounts.

The Real and Personal Accounts still remain to be dealt with; not because the balances have to be transferred to any other account, but because—as stated at the commencement of this chapter—it is desirable to place on record, in a form convenient for subsequent reference, the state of each account on the date at which the books are closed.

The following example will show, better than any mere explanation, the way in which these accounts are dealt with. The process is called “bringing down the balances.”

CLOSING THE LEDGER.

31

Dr.	CASH.		CONTRA.	Cr.
1913 Jan. 1	To John Smith ..	£ s d 50 0 0	1913 Jan. 16	By Bank 150 0 0
16	" Thos. Brown ..	125 0 0	31	" Do. 50 0 0
21	" W. Robinson ..	35 0 0	"	" Wages 3 6 8
Mar. 27	" Jas. Jones ..	75 0 0	Feb. 28	" Do. 3 6 8
			Mar. 31	" Do. 3 6 8
			"	" Bank 50 0 0
			"	" Balance 25 0 0
		<u>£285 0 0</u>		<u>£285 0 0</u>
April 1	To Balance	25 0 0		

Dr.	BANK.		CONTRA.	Cr.
1913 Jan. 16	To Cash	£ s d 150 0 0	1913 Feb. 7	By Portland Estate, Ground Rent.. 12 10 0
31	" Do.	50 0 0	Mar. 6	" H. Jackson (private expenses) 100 0 0
Mar. 31	" Do.	50 0 0	22	" Repairs 17 10 0
			31	" Balance 120 0 0
		<u>£250 0 0</u>		<u>£250 0 0</u>
April 1	To Balance	120 0 0		

Dr.	PROPERTY.		CONTRA.	Cr.
1913 Jan. 1	To Balance from last Account (value at this date) ..	£ s d 15,000 0 0	1913 Mar. 31	By Depreciation of Lease 100 0 0
			"	" Balance 14,900 0 0
		<u>£ 15,000 0 0</u>		<u>£ 15,000 0 0</u>
April 1	To Balance	14,900 0 0		

<i>Dr.</i> CAPITAL ACCOUNT.			<i>CONTRA.</i> <i>Cr.</i>		
1913 Mar. 6	To Bank (private expenses ..	£ s d 100 0 0	1913 Jan. 1	By Balance at this date ..	£ s d 15,197 10 0
31	" Balance ..	15,263 15 0	Mar. 31	" Revenue A/c ..	166 5 0
		<u>£ 15,363 15 0</u>			<u>£ 15,363 15 0</u>
			April 1	By Balance ..	15,263 15 0

<i>Dr.</i> JOHN SMITH.			<i>CONTRA.</i> <i>Cr.</i>		
1913 Jan. 1	To Balance at this date ..	£ s d 50 0 0	1913 Jan. 1	By Cash ..	£ s d 50 0 0
Mar. 31	" Rent for the quarter ..	50 0 0	Mar. 31	" Balance ..	50 0 0
		<u>£ 100 0 0</u>			<u>£ 100 0 0</u>
April 1	To Balance ..	50 0 0			

<i>Dr.</i> THOMAS BROWN.			<i>CONTRA.</i> <i>Cr.</i>		
1913 Jan. 1	To Balance at this date ..	£ s d 125 0 0	1913 Jan. 16	By Cash ..	£ s d 125 0 0
Mar. 31	" Rent for the quarter ..	125 0 0	Mar. 31	" Balance ..	125 0 0
		<u>£ 250 0 0</u>			<u>£ 250 0 0</u>
April 1	To Balance ..	125 0 0			

<i>Dr.</i> JAMES JONES.			<i>CONTRA.</i> <i>Cr.</i>		
1913 Mar. 31	To Rent for the quarter	£ s d 75 0 0	1913 Mar. 27	By Cash ..	£ s d 75 0 0
		<u>£ 75 0 0</u>			<u>£ 75 0 0</u>

<i>Dr.</i>		WILLIAM ROBINSON.		<i>CONTRA.</i>		<i>Cr.</i>	
1913 Jan. 1	To Balance at this date	£	s d	1913 Jan. 21	By Cash	£	s d
Mar. 31	" Rent for the quarter	35	0 0	Mar 31	" Balance	35	0 0
		50	0 0			50	0 0
		£	85 0 0			£	85 0 0
April 1	To Balance	50	0 0				

<i>Dr.</i>	PORTLAND ESTATE.				CONTRA.				<i>Cr.</i>
1913 Feb. 7 Mar. 31	To Bank " Balance	£ 12 6	s 10 5	d 0 0	1913 Jan. 1 Mar. 31	By Balance due at this date " Ground Rent to date	£ 12 6	s 10 5	d 0 0
		<u>£18 15 0</u>					<u>£18 15 0</u>		
					April 1	By Balance	6	5	0

It will be observed that these balances, when brought down as shown above, are in a very convenient form for future reference (even after subsequent entries have been added); but that in no case do they effect any alteration in the balance standing on the account when the Balance Sheet was taken out.

It is hardly to be supposed that, at this early stage, the student will have thoroughly grasped the whole of the process set forth in this and the preceding chapter; but it is hoped he will have gathered a sufficiently general idea of the purpose of the various Ledger Accounts to enable him intelligently to follow the progress of the transactions recorded in the next chapter, where the transactions of Henry Jackson during the succeeding quarter are fully dealt with.

QUESTIONS ON CHAPTER III.

1. What are the objects of "closing" a Ledger?
2. What does the process consist of?
3. What account shows the net profit, and why?
4. What is done with the balance of the Revenue, or Profit and Loss Account?
5. Why must the Revenue Account be completed before the Balance Sheet can be prepared?
6. What is the object of keeping Nominal Accounts?
7. Wherein lies the advantage of Double Entry?
8. What is meant by "transferring" a balance?
9. What is meant by "bringing down" a balance?

IV.—TRANSACTIONS OF HENRY JACKSON.

THE following are the transactions of Henry Jackson during the quarter following that which was considered in the previous chapters :—

TRANSACTIONS during Quarter ending 30th June 1913.

			£	s	d
1.	April 6	Received from Thomas Brown, Rent due from him ..	125	0	0
2.	" 6	Paid into Bank	140	0	0
3.	" 10	Received from Wm. Robinson, Rent due from him ..	50	0	0
4.	" 12	Received from John Smith, Rent due from him ..	50	0	0
5.	" 13	Paid into Bank	100	0	0
6.	" 30	Paid Wages.. .. .	3	6	8
7.	May 12	Drew Cheque for private expenses	100	0	0
8.	" 30	Paid Wages.. .. .	3	6	8
9.	June 15	Paid for various Repairs (cheque)	12	16	0
10.	" 30	Paid Wages.. .. .	3	6	8
		Sent out the following accounts for Rent due :			
11.	" 30	John Smith	50	0	0
12.	" 30	William Robinson	50	0	0
13.	" 30	Thomas Brown	125	0	0
14.	" 30	James Jones	75	0	0
15.	" 30	James Jones paid Rent due by him	75	0	0
16.	" 30	Received Henry Williams' account for Repairs ..	4	14	0
17.	" 30	Ground Rent due to Portland Estate for quarter..	6	5	0
18.	" 30	Depreciation to be written off Lease of Property..	105	0	0
19.	" 30	Drew Cheque for private expenses	100	0	0

It will be remembered that, in Chapter I, it was stated that the original method of bookkeeping was to record all transactions daily, in the order of their occurrence, in a book called the Journal, and at a subsequent date to record the same transactions in the Ledger in a classified form. In Chapter II an endeavour was made to show the form of classification that would be adopted in a case like the present one ; and in Chapter III the object and meaning of the particular form adopted was further explained.

The reason for dealing with the Ledger Accounts before explaining the form in which the Journal is kept has been that the form of a Journal entry is entirely dependent upon the form of the subsequent Ledger entries which have to be made from the Journal; and accordingly it was thought best first to give the student a clear idea of the object and meaning of each Ledger entry, before endeavouring to explain the form of the Journal entry from which the Ledger entry is made.

It is important to remember that the Ledger contains, in itself, a complete record of every transaction, and that, therefore, it would be possible theoretically to dispense altogether with any other book; but the risk of error, or omission, would be so considerable that, in all probability, no time or trouble would be saved by so doing.

In the case of cash transactions, however, it has become very general to dispense with the Journal and keep the Ledger Account for "Cash" in a separate book from the other Ledger Accounts. The reason for this departure from the general rule is as follows: When every transaction is journalised, it is, of course, usual to keep the Journal written up daily, but—by reason of press of business, or from various other reasons—it frequently happens that the posting of the Journal into the Ledger is a week or more behind. Now it is, of course, of the greatest importance that the balance of the Cash Account be always readily ascertainable, and from this necessity arose the practice of keeping the cash transactions somewhat differently from the rest. Other incidental advantages doubtless exist, but this is probably the actual reason that led to the original departure.

The Cash Book is ruled exactly the same as the Ledger, and in it the cash received or paid is recorded in exactly the same manner as it would be in a Ledger Account, except that each

transaction is recorded as it occurs, instead of being recorded in the Journal first and afterwards posted.

By this means the balance of the account may at any time be ascertained; but this in itself, of course, constitutes no "Double Entry." How this is obtained the reader will, perhaps, best see by carefully following the process of writing up the Cash Book from the above transactions. It must not be forgotten, however, that Jackson commenced the quarter with a cash balance of £25 in hand, as shown on the Balance Sheet on page 29.

The transactions involving a transfer of cash are Nos. 1, 2, 3, 4, 5, 6, 8, 10, and 15, which should be recorded in the manner already explained—the receipts on the Dr. side and the payments on the Cr. side, thus :—

Dr.		CASH.			CONTRA.					Cr.		
1913			£	s	d	1913				£	s	d
April 1	To Balance from last account ..	25	0	0		April 6	By Bank ..	1		140	0	0
6	" Thos. Brown 5	125	0	0		13	" Do. ..	1		100	0	0
10	" W. Robinson 6	50	0	0		30	" Wages ..	11		3	6	8
12	" Jno. Smith .. 4	50	0	0		May 31	" Do. ..	11		3	6	8
June 30	" Jas. Jones .. 7	75	0	0		June 30	" Do. ..	11		3	6	8

Now take the remaining transactions and proceed to show the Journal entry required for each. The object of the Journal entry is to indicate clearly what account in the Ledger has to be debited, and what account credited, in order to record each transaction. The form usually adopted is first to write the name of the account to be debited, with the amount, in the first (or Dr.) money column; and then the name of the account to be credited, the amount being repeated in the second (or Cr.) money column; a full explanation of the transaction is then written underneath.

The form of Journal entries for transactions Nos. 7, 9, 11, 12, 13, 14, 16, 17, 18, and 19 is as follows:—

JOURNAL, 1913.				Dr.		Cr.			
				£	s	d	£	s	d
7. May 12	Capital Account..	..	..	3	100	0	0		
" "	To Bank ..	..	..	1	..			100	0
	(For cheque drawn this day for private expenses)								
9. June 15	Repairs ..	..	..	13	12	16	0		
" "	To Bank ..	..	..	1	..			12	16
	(For cheque drawn this day in payment of various repairs.)								
11. June 30	John Smith ..	..	..	4	50	0	0		
" "	To Rent ..	..	..	10	..			50	0
12. " "	William Robinson ..	..	..	6	50	0	0		
" "	To Rent ..	..	..	10	..			50	0
13. " "	Thomas Brown ..	..	..	5	125	0	0		
" "	To Rent ..	..	..	10	..			125	0
14. " "	James Jones ..	..	..	7	75	0	0		
" "	To Rent ..	..	..	10	..			75	0
	(Being the amounts of accounts sent them this day for rent for the quarter now due.)								
16. June 30	Repairs ..	..	..	13	4	14	0		
" "	To Henry Williams ..	..	..	9	..			4	14
	(Being the amount of his account for repairs.)								
17. June 30	Ground Rent ..	..	..	12	6	5	0		
" "	To Portland Estate ..	..	..	8	..			6	5
	(Being one quarter's Ground Rent, making in all £12 10s. now due, as per their half-yearly account.)								
18. June 30	Depreciation ..	..	..	14	105	0	0		
" "	To Property Account ..	..	..	2	..			105	0
	(Being the amount written off lease for the quarter.)								
19. June 30	Capital Account..	..	..	3	100	0	0		
" "	To Bank ..	..	..	1	..			100	0
	(For cheque drawn this day for private expenses)								

A careful comparison of these entries with the records of the transactions themselves will serve to show the *reason* for the form of each entry—and it need hardly be added that, until the student can assign a reason for every entry he makes, he has made but little progress in the science of bookkeeping.

It will be seen that, at this time, a record has been made *somewhere* for every one of the transactions shown at the commencement of this chapter. Those transactions involving the transfer of cash have been recorded in the Cash Book, and those transactions not recording the transfer of cash have been recorded in the Journal. The next step is to write up (or post) these records in the Ledger.

It must be remembered that each transaction requires to be entered once upon each side of the Ledger. It has been further explained that the Cash Book is, in reality, a Ledger Account, but that the Journal is not. It therefore follows that those transactions that are recorded in the Cash Book have already, in point of fact, been recorded once in the Ledger; to complete the record of these transactions, therefore, it is necessary that they should find their way once more into the Ledger upon the opposite side to that on which they are entered in the Cash Book. The Dr. side of the Cash Book must therefore be posted to the Cr. of the various accounts of the persons who have paid Jackson the money, and the Cr. side of the Cash Book to the Dr. of the various accounts upon whose behalf he has incurred the expenditure, and the record of the cash transactions is complete. The transactions recorded in the Journal, on the other hand, require to be passed into the Ledger *twice*, once to the Dr. and once to the Cr., and for this reason the form of the Journal entry has been adapted to facilitate this process. The amounts in the Dr. column are posted to the Dr. side of the Ledger Accounts named, and the amounts in the Cr. column of the Journal are posted to the Cr. of the various Ledger Accounts.

The Ledger Accounts so posted are given below; they should be compared carefully with the Cash Book and Journal, already given—a process that can easily be accomplished by the aid of the folio references. It will be noticed that the balances standing upon the various accounts at the date of our last Balance Sheet have been brought forward into these accounts.

<i>Dr.</i> BANK.				CONTRA.				<i>Cr.</i>			
1913			£ s d	1913			£ s d				
April 1	To Balance ..	..	120 0 0	May 12	By Capital Account	J. 1	100 0 0				
6	" Cash ..	..	140 0 0	June 15	" Repairs ..	"	12 16 0				
13	" Do. ..	..	100 0 0	30	" Capital Account	"	100 0 0				

<i>Dr.</i> PROPERTY ACCOUNT.				<i>Cr.</i>			
1913			£ s d	1913			£ s d
April 1	To Balance ..	..	14 900 0 0	June 30	By Depreciation ..	J. 1	105 0 0

<i>Dr.</i> CAPITAL ACCOUNT.				<i>Cr.</i>			
1913			£ s d	1913			£ s d
May 12	To Bank ..	..	100 0 0	April 1	By Balance ..		15,263 15 0
June 30	" Do. ..	..	100 0 0				

<i>Dr.</i> JOHN SMITH.				<i>Cr.</i>			
1913			£ s d	1913			£ s d
April 1	To Balance ..	..	50 0 0	April 12	By Cash ..	..	50 0 0
June 30	" Rent ..	..	50 0 0				

<i>Dr.</i> THOMAS BROWN.				<i>Cr.</i>			
1913			£ s d	1913			£ s d
April 1	To Balance ..	..	125 0 0	April 6	By Cash ..	..	125 0 0
June 30	" Rent ..	..	125 0 0				

<i>Dr.</i> WILLIAM ROBINSON.				<i>Cr.</i>			
1913			£ s d	1913			£ s d
April 1	To Balance ..	..	50 0 0	April 10	By Cash ..	..	50 0 0
June 30	" Rent ..	..	50 0 0				

TRANSACTIONS OF HENRY JACKSON.

41

Dr.

JAMES JONES.

Cr. ⁷

1913 June 30	To Rent	J. I	£ 75	s 0	d 0	1913 June 30	By Cash	I	£ 75	s 0	d 0
-----------------	---------------	------	------	-----	-----	-----------------	---------------	---	------	-----	-----

Dr.

PORTLAND ESTATE.

Cr. ⁸

				1913 April 1	By Balance ..	J. I	£ 6	s 5	d 0
				June 30	" Ground Rent	J. I	6	5	0

Dr.

HENRY WILLIAMS.

Cr. ⁹

				1913 June 30	By Repairs ..	J. I	£ 4	s 14	d 0
--	--	--	--	-----------------	---------------	------	-----	------	-----

Dr.

RENT.

Cr. ¹⁰

				1913 June 30	By J. Smith ..	J. I	£ 50	s 0	d 0
				"	" Wm. Robinson	"	50	0	0
				"	" T. Brown ..	"	125	0	0
				"	" J. Jones ..	"	75	0	0

Dr.

WAGES.

Cr. ¹¹

1913 April 30	To Cash	I	£ 3	s 6	d 8			
May 31	" Do.	"	3	6	8			
June 30	" Do.	"	3	6	8			

12

Dr.

GROUND RENT.

Cr.

1913 June 30	To Portland Estate	J. 1	£	s	d				
			6	5	0				

13

Dr.

REPAIRS.

Cr.

1913 June 15	To Bank	J. 1	£	s	d				
			12	16	0				
30	" H. Williams..	"	4	14	0				

14

Dr.

DEPRECIATION.

Cr.

1913 June 30	To Property A/c..	J. 1	£	s	d				
			105	0	0				

It will now be seen that every transaction has been posted twice into the Ledger—thus giving effect to the twofold nature of each transfer. Those accounts that have received benefits have been debited, and those that have imparted benefits have been credited; and, consequently, the total debits in the Ledger will be equal to the total credits.

As already explained, it is very desirable that there should be some means of ascertaining that the entries that have actually been made do really come to the same thing as those which should theoretically have been made. To test this, the book-keeper would proceed to extract a Trial Balance, in the same manner as shown in Chapter II.

The following is the Trial Balance of Henry Jackson's Ledger on the 30th June :—

TRIAL BALANCE, 30th June 1913.

	£	s	d	£	s	d	£	s	d	£	s	d
C. 1. Cash	325	0	0	250	0	0	75	0	0	..	..	..
L. 1. Bank	360	0	0	212	16	0	147	4	0	..	..	..
2. Property	14,900	0	0	105	0	0	14,795	0	0	..	..	..
3. Capital	200	0	0	15,263	15	0	..	..	..	15,063	15	0
4. John Smith	100	0	0	50	0	0	50	0	0	..	..	..
5. Thomas Brown ..	250	0	0	125	0	0	125	0	0	..	..	..
6. William Robinson ..	100	0	0	50	0	0	50	0	0	..	..	..
7. James Jones	75	0	0	75	0	0	..	..	..	..	..	..
8. Portland Estate ..	..	..	..	12	10	0	..	..	..	12	10	0
9. Henry Williams ..	..	..	..	4	14	0	..	..	..	4	14	0
10. Rent .. ..	..	..	..	300	0	0	..	..	..	300	0	0
11. Wages	10	0	0	..	..	..	10	0	0	..	..	..
12. Ground Rent	6	5	0	..	..	..	6	5	0	..	..	..
13. Repairs	17	10	0	..	..	..	17	10	0	..	..	..
14. Depreciation	105	0	0	..	..	..	105	0	0	..	..	..
	£16,448	15	0	£16,448	15	0	£15,380	19	0	£15,380	19	0

Before proceeding to close the books for the quarter, it will be well to say something concerning the Continental systems of Bookkeeping ; and for the purpose of more clearly showing the differences of detail between the two methods, it is proposed to deal with the same set of transactions as those already considered above.

QUESTIONS ON CHAPTER IV.

1. What is gained by not journalising cash transactions?
2. How are cash receipts and payments recorded?
3. What entries are necessary to record the fact that A. has become my debtor?
4. What entries are necessary to record the fact that B. has become my creditor?
5. If certain property that I hold has become less valuable, how should I record the fact?

V.—THE “CONTINENTAL” SYSTEM.

It will be remembered that, in the first chapter, attention was drawn to the fact that the system generally adopted on the Continent is somewhat different to that in use in this country. The reason for going more deeply into the matter now is that the Continental system is theoretically more complete than our own, and will therefore help the student to understand more clearly the abbreviated method in general use in this country. It may, however, be mentioned that for some businesses the Continental method is the best to adopt, and that a general acquaintance with its details will, therefore, be by no means a waste of time—even to the student who thoroughly understands the English system.

The essential feature of the method which the reader is now called upon to consider is the supreme importance of the Journal. Every transaction is passed through this book in the fullest detail, while the Ledger entries are made as few and as general as possible. The Journal thus becomes the book to which the merchant constantly refers, while the use of the Ledger becomes restricted almost to the position of a mere collecting medium for the Revenue Account and Balance Sheet items.

It may interest the reader to know that, in many countries, every trader is compelled by law to record all his transactions in a Journal.

For the purpose of showing more clearly the exact difference between the two systems, it will be well to take the position of Henry Jackson upon the 1st April, and his transactions for the subsequent three months, and show the method by which they would be recorded upon the Continental system. It will be noticed that the form of the Journal here given is somewhat different from the ordinary English form; the outside column being used for both Dr. and Cr. items, and the inside one for details of the "Sundries." The Ledger folio of the Dr. posting is to the extreme left, while the date is placed at the head of the entry.

JOURNAL, 1913.

		£ s d			£ s d		
*	April 1.						
	Sundries to Opening Balance	I			15,270	0	0
	For the following assets due to me at this date, viz. :—						
2	Property		14,900	0	0		
3	John Smith		50	0	0		
4	Thos. Brown		125	0	0		
5	Wm. Robinson		50	0	0		
6	Bank		120	0	0		
7	Cash		25	0	0		
1	Opening Balance to Sundries	*			15,270	0	0
	For the following liabilities due from me at this date, viz. :—						
	Capital	8	15,263	15	0		
	Portland Estate	9	6	5	0		
April 6.							
7	Cash to Thos. Brown	4			125	0	0
	Being the amount received from him this day.						
	Bank to Cash	7			140	0	0
	Being the amount of cash paid into bank this day.						
April 10.							
7	Cash to Wm. Robinson	5			50	0	0
	Being the amount received from him this day.						
7	Cash to John Smith	3			50	0	0
	Being the amount received from him this day.						
April 13.							
6	Bank to Cash	7			100	0	0
	Being the amount of cash paid into bank this day.						
	Forward				31,005	0	0

Forward		£	s	d	£	s	d
					31,005	0	0
	April 30.						
10	Wages to Cash Being the amount paid to attendant this day, for wages.	7				3	6 8
	May 12.						
8	Capital to Bank Being the amount of a cheque drawn for private expenses this day.	6				100	0 0
	May 31.						
10	Wages to Cash Being the amount paid to attendant this day, for wages.	7				3	6 8
	June 15.						
11	Repairs to Bank Being the amount of a cheque drawn for various repairs on this day.	6				12	16 0
	June 30.						
10	Wages to Cash Being the amount paid to attendant this day, for wages.	7				3	6 8
*	Sundries to Rent Being the amount due from various persons for one quarter's rent due this date, viz. :—	12				300	0 0
3	John Smith		50	0 0			
5	Wm. Robinson		50	0 0			
4	Thos. Brown		125	0 0			
13	James Jones		75	0 0			
	June 30.						
7	Cash to Jas. Jones Being the amount received from him this day.	13				75	0 0
11	Repairs to Henry Williams Being the amount due to him for repairs, as per his account of this date.	14				4	14 0
15	Ground Rent to Portland Estate Being the amount due to them for one quarter's Ground Rent to this date.	9				6	5 0
16	Depreciation to Property Being the amount written off property at this date for depreciation of lease (at 5% interest).	2				105	0 0
8	Capital to Bank Being the amount of a cheque drawn for private expenses this day.	6				100	0 0
					<u>£31,718 15 0</u>		

It will be noticed that the Continental system requires Journal entries for the outstanding assets and liabilities at the commencement. Upon the English system—after the books have once been opened—this is not required, the balances on the books being merely carried forward. With the Continental system, on the contrary, the books are literally “closed” each time a Balance Sheet is prepared—no balances whatever being left upon the Ledger—and consequently it is necessary for them formally to be “opened” again at the commencement of the subsequent period. It will be necessary to recur to this question when coming to the closing of the Ledger, and we may therefore pass on now to the posting of the Journal.

The following shows the Ledger Accounts resulting from the transactions already recorded:—

Dr.		OPENING BALANCE.				Cr.					
1913 April 1	To Sundries..	1	£	s	d	1913 April 1	By Sundries..	1	£	s	d
			15,270	0	0				15,270	0	0

² <i>Dr.</i>		PROPERTY ACCOUNT.				<i>Cr.</i>					
1913 April 1	To Sundries ..	1	£	s	d	1913 June 30	By Sundries..	3	£	s	d
			14,900	0	0				105	0	0

3 <i>Dr.</i>			JOHN SMITH.			<i>Cr.</i>					
1913 April 1	To Sundries..	1	£	s	d	1913 April 10	By Sundries .	1	£	s	d
June 30	" Do ..	2	50	0	0				50	0	0
			50	0	0						

4 Dr.		THOMAS BROWN.						Cr.							
1913		£		s		d		1913		£		s		d	
April 1	To Sundries..	1	125	0	0	April 6	By Sundries..	1	125	0	0				
June 30	" Do. ..	2	125	0	0										

Dr.

WILLIAM ROBINSON.

Cr.

5

1913			£	s	d	1913			£	s	d
April 1	To Sundries..	1	50	0	0	April 10	By Sundries..	1	50	0	0
June 30	" Do. ..	2	50	0	0						

Dr.

BANK ACCOUNT.

Cr.

6

1913			£	s	d	1913			£	s	d
April 1	To Sundries..	1	120	0	0	May 12	By Sundries..	2	100	0	0
6	" Do. ..	"	140	0	0	June 15	" Do. ..	"	12	16	0
13	" Do. ..	2	100	0	0	30	" Do. ..	3	100	0	0

Dr.

CASH ACCOUNT.

Cr.

7

1913			£	s	d	1913			£	s	d
April 1	To Sundries..	1	25	0	0	April 6	By Sundries..	1	140	0	0
6	" Do. ..	"	125	0	0	13	" Do. ..	2	100	0	0
10	" Do. ..	"	50	0	0	30	" Do. ..	"	3	6	8
"	" Do. ..	"	50	0	0	May 30	" Do. ..	"	3	6	8
June 30	" Do. ..	3	75	0	0	June 30	" Do. ..	"	3	6	8

Dr.

CAPITAL ACCOUNT.

Cr.

8

1913			£	s	d	1913			£	s	d
April 30	To Sundries..	2	100	0	0	April 1	By Sundries..	1	15,263	15	0
June 30	" Do. ..	3	100	0	0						

Dr.

PORTLAND ESTATE.

Cr.

9

						1913			£	s	d
						April 1	By Sundries..	1	6	5	0
						June 30	" Do. ..	3	6	5	0

Dr.

WAGES ACCOUNT.

Cr.

10

1913			£	s	d						
April 30	To Sundries..	2	3	6	8						
May 31	" Do. ..	"	3	6	8						
June 30	" Do. ..	"	3	6	8						

11

Dr.

REPAIRS ACCOUNT.

Cr.

1913 June 15	To Sundries..	2	£	s	d				
30	" Do. ..	3	12	16	0				
			4	14	0				

12

Dr.

RENT ACCOUNT.

Cr.

					1913 June 30	By Sundries..	2	£	s	d
								300	0	0

13

Dr.

JAMES JONES.

Cr.

1913 June 30	To Sundries..	2	£	s	d	1913 June 30	By Sundries..	3	£	s	d
			75	0	0				75	0	0

14

Dr.

HENRY WILLIAMS.

Cr.

					1913 June 30	By Sundries..	3	£	s	d
								4	14	0

15

Dr.

GROUND RENT ACCOUNT.

Cr.

1913 June 30	To Sundries..	3	£	s	d				
			6	5	0				

16

Dr.

DEPRECIATION ACCOUNT.

Cr.

1913 June 30	To Sundries..	3	£	s	d				
			105	0	0				

It will be noticed that no explanation is added to any of the Ledger entries; it is not, however, intended that the word "Sundries" be used invariably; what is meant to be shown is rather that it *may* be used at any time (it is always used

where one credit corresponds to several debits, and *vice versâ*), and that consequently the Journal is the only sure means of ascertaining any further particulars that may be required.

It will further be noticed that, had the Ledger Account "Opening Balance" been posted in detail, it would have corresponded exactly with the Balance Sheet on 31st March, shown in Chapter III. It is very important that the student should realise this fact quite clearly.

The Trial Balance is the same, in principle, as those already taken out; but, in consequence of every entry having been passed through the Journal, it follows that the totals of the two first columns of the Trial Balance, in addition to agreeing with each other, will agree with the total of the Journal. This is a very valuable check, as it shows that every item in the Journal has been posted. It will be obvious that the fact of an entry being left *entirely* unposted would still leave the total debits of the Ledger equal to the total credits; but in that case both these totals would be less than the total of the Journal by the amount of the omitted item. Further, in the event of the Dr. and Cr. columns of the Trial Balance not agreeing, it is possible—by comparison with the Journal—to ascertain *which* is wrong, and so localise the error, and, to a great extent, facilitate its discovery. These checks are undoubtedly very valuable, and form almost the sole advantages of the "Continental" system.

The Trial Balance of the Ledger is given below :—

TRIAL BALANCE, 30th June 1913.

	<i>Dr.</i>			<i>Cr.</i>			<i>Dr. Balance</i>			<i>Cr. Balance</i>		
	£	s	d	£	s	d	£	s	d	£	s	d
1. Opening Balance	15,270	0	0	15,270	0	0	£ ..			£ ..		
2. Property Account	14,900	0	0	105	0	0	14,795	0	0	..		
3. John Smith.	100	0	0	50	0	0	50	0	0	..		
4. Thomas Brown	250	0	0	125	0	0	125	0	0	..		
5. William Robinson	100	0	0	50	0	0	50	0	0	..		
6. Bank Account	360	0	0	212	16	0	147	4	0	..		
7. Cash Account	325	0	0	250	0	0	75	0	0	..		
8. Capital Account	200	0	0	15,263	15	0	..			15,063	15	0
9. Portland Estate .. ..	..			12	10	0	..			12	10	0
10. Wages Account	10	0	0	..			10	0	0	..		
11. Repairs Account	17	10	0	..			17	10	0	..		
12. Rent Account .. ..	..			300	0	0	..			300	0	0
13. James Jones	75	0	0	75	0	0	..			..
14. Henry Williams .. ..	..			4	14	0	..			4	14	0
15. Ground Rent Account	6	5	0	..			6	5	0	..		
16. Depreciation Account	105	0	0	..			105	0	0	..		
	£31,718	15	0	£31,718	15	0	£15,380	19	0	£15,380	19	0

QUESTIONS ON CHAPTER V.

1. What is the peculiar characteristic of the "Continental" system?
2. Are there any local circumstances to account for it?
3. What is an Opening Balance Account?
4. What are the principal advantages of the "Continental" system?
5. What are its disadvantages?

VI.—CLOSING THE LEDGER ON THE “CONTINENTAL” SYSTEM.

THE method of closing the Ledger upon the “Continental” system is very similar to that already considered; the main difference being that every entry, as before, passes through the Journal.

The Nominal Accounts are first collected into one account—the Revenue Account—and the balance of this account is then transferred to Capital. The only accounts then left upon the Ledger are those recording assets and liabilities—which are, of course, always equal in amount. These accounts, under the former system, formed the materials of the Balance Sheet; but the actual balances were always brought down on each account ready for the commencement of the next period—thus the books were not, in fact, ever actually closed. Under the “Continental” system the balance of every Real or Personal Account is transferred to an account called “Closing Balance”; the Assets, or Dr. balances, being transferred to the Dr. side of this account, and the Liabilities, or Cr. balances, to the Cr. side. The Dr. and Cr. sides of the Closing Balance will thus be equal in amount, and, consequently, *every account in the Ledger* can be—and is—balanced and ruled off; the Ledger being actually and literally “closed” every time a Balance Sheet is prepared. When the Ledger has thus been closed, it, of course, becomes necessary to “re-open” it at the commencement of the succeeding period.

The Journal entries necessary to close the Ledger are as follow :—

JOURNAL, 1913.

			£	s	d	£	s	d
12	Forward	17	..			31,718	15	0
	Rent Account to Revenue Account .. ..		..			300	0	0
	For Income earned during the quarter, now transferred to Revenue Account.							
17	Revenue Account to Sundries	*	..			138	15	0
	For various expenses incurred during the quarter, now transferred to Revenue Account, viz. :—							
	Wages	10	10	0	0			
	Repairs	11	17	10	0			
	Ground Rent	15	6	5	0			
	Depreciation	16	105	0	0			
17	Revenue Account to Capital Account	8	..			161	5	0
	Being the amount by which the Income for the quarter exceeded the Expenses for the quarter—constituting the net profit of the quarter.							
18	Closing Balance to Sundries	*	..			15,242	4	0
	As follows, viz. :—							
	Property Account	2	14,795	0	0			
	John Smith	3	50	0	0			
	Thos. Brown	4	125	0	0			
	William Robinson	5	50	0	0			
	Bank Account	6	147	4	0			
	Cash Account	7	75	0	0			
*	Sundries to Closing Balance	18	..			15,242	4	0
	As follows, viz. :—							
8	Capital Account		15,225	0	0			
9	Portland Estate		12	10	0			
14	Henry Williams		4	14	0			
						£62,803	3	0

A Trial Balance taken out after the posting of these entries would give the same total as that shown above, viz., £62,803 3s.

By this time the attentive student should experience no great difficulty in posting the above entries to their respective Ledger Accounts ; but in order to remove any possibility of misapprehension, the Ledger Account "Closing Balance" is given below :—

18

Dr.				CLOSING BALANCE.				Cr.			
1909 June 30	To Sundries..	4	£ 15,242	s 4	d 0	1909 June 30	By Sundries..	5	£ 15,242	s 4	d 0
			<hr/>						<hr/>		

It will be seen that, before any transactions for July are recorded, the books must again be "opened," so that the various accounts may record the actual state of affairs. This is accomplished by two Journal entries similar to the first two in our *pro formâ* Journal of Chapter V ; being, in fact, the closing entries reversed.

It will be convenient here to consider the difference between the two methods. Under the "Continental" method, the whole of the transactions pass through the Journal into each side of the Ledger. The profit is arrived at by collecting the various Income and Expenditure (*i.e.*, Nominal) Accounts into one general (Revenue) Account. This profit is then carried to Capital Account, and nothing but Real and Personal Accounts remain open. In order to ascertain the actual state of affairs, these Real and Personal Accounts are then collected into one account—the Closing Balance Account—and every account in the Ledger is then ruled off. The agreement of the Closing Balance proves that the stated assets are equal to the stated liabilities and capital taken together, while any information required concerning the particulars of the various items forming the Closing Balance can be obtained by reference to the Journal entries. The system is very complete, but the labour involved is enormous ; it is, however, desirable that the student

should give some attention to the method in order that he may the more clearly understand the English method, which is really nothing but an abbreviation of the "Continental."

To revert to the English method. The method of recording transactions previous to their entry in the Ledger effects a considerable saving upon the "Continental" method, because cash items are not passed through the Journal: at a later period it will be seen that still further economies may be effected in the preliminary record of the transactions, but whatever the precise method adopted here, the final record in the Ledger will always be the same in essentials—each transaction being entered once on each side of the Ledger. The transfer of the balances of the Nominal Accounts to the Revenue Account must always be the same, likewise the transfer of the balance of Revenue Account to Capital Account; it is, however, to be noted that sometimes—with the English method—these transfers are not passed through the Journal, but made direct from the one Ledger Account to the other. The *complete* closing of the Ledger (*i.e.*, the transferring of all real and personal balances to a Balance Account) and the subsequent reopening on the following morning is regarded by English bookkeepers as a needless expenditure of time; the system therefore adopted is to bring each balance forward on its own account, as shown in Chapter III. A very little consideration will show that this process will produce Real and Personal Accounts exactly similar in form to those of the "Continental" system, but that, up to the present, we have not provided any summary of assets and liabilities, or Balance Sheet—a most important omission. It is, however, quite possible to make a summary of these accounts without actually transferring the balances to a Balance Account (we have already done the same sort of thing when taking out the Trial Balance), and such a summary as this is what the English bookkeeper calls his "Balance Sheet."

There are two forms of Balance Sheet in use: one follows the form of the Closing Balance, placing the assets on the Dr. side and the liabilities on the Cr. side; while the other follows the form of the Opening Balance, in which case the liabilities fall on the Dr. side, and the assets on the Cr. side. It will be remembered that when the books were first opened an Opening Balance was created, as under the "Continental" method; it therefore appears desirable that—as the *first* Balance Sheet *must* take the form of the Opening Balance—all subsequent Balance Sheets should be prepared on the same lines. This argument is now very generally conceded; but, as some old-fashioned accounts are still kept the other way, it is necessary that both methods should be mentioned.

It is, however, to be noticed that the English form of Balance Sheet is *not*—after the first—a Ledger Account, and that consequently the terms "Dr. to" and "Cr. by" do not strictly apply, although their use in this connection is by no means infrequent.

What is considered to be the best form for a Balance Sheet on the English system has already been shown at the conclusion of Chapter III.

The student who has intelligently followed thus far should find little difficulty now in recording all ordinary transactions connected with non-trading concerns. The accounts of traders present many difficulties which have not yet been dealt with, and these will claim attention in the succeeding Part.

QUESTIONS ON CHAPTER VI.

1. What is the difference between the "Continental" and the English method of closing the Ledger?
2. Which is the more complete?
3. What is the essential difference between the Balance Sheet prepared upon the two systems?
4. How is it that the assets are not always placed upon the same side of a Balance Sheet?
5. Which side appears to be the most natural?

EXERCISES.

EXERCISE I.

Write up the Cash Book for the following entries :—

January 1 1913, balance in hand at this date, £37 17s.
January 13, paid J. Cummings, £5 10s. ; received from T. Jones £17 5s. 3d. January 15, paid for House Expenses, £2 14s. 6d. ; received from F. J. Smith, £14 17s. 6d. ; paid for Sundry Expenses, £1 5s. ; paid T. Manning, £6 3s. 6d.

Balance the Cash Book and bring down the amount of Cash in hand.

(Answer : Totals, £69 19s. 9d. ; balance, £54 6s. 9d., *Dr.*)

EXERCISE II.

Write up the following transactions in the Petty Cash Book (a Petty Cash Book is a secondary Cash Book used for recording payments of a small amount) :—

March 1 1913, received from cashier for Petty Cash, £10.
March 2, paid for Cartage, 18s. 6d. March 3, paid for Postage, 3s. 6d. March 5, paid Housekeeper, 2s. 6d. March 6, paid for Repairs to Clock, 10s. 6d. ; paid Porter's Wages, £1 5s. ; paid Cab-hire for Mr. H., 3s. 6d.

Find the balance in hand and carry down ready for next week's entries.

(Answer : Totals, £10 ; balance, £6 16s. 6d., *Dr.*)

EXERCISE III.

Write up a Bank Account, recording the following transactions :—

January 1 1913, balance at bank on this day, £4,724 10s.
January 3, drew cheque for Sims & Co., £81. January 5, paid in £362 7s. 6d. January 12, paid P. Bright, £70.
January 15, William Wright paid into my account £1,347 16s. 8d. January 16, drew cheque for J. Kerr, £868 10s. January 20, paid in £420 17s. 5d. January 23, drew cheque for Poor Rate, £5 3s. 4d. January 26, drew cheque for Jones & Young, £614 15s. January 29, paid in £170. January 31, drew cheque for salaries, £12 10s.

Balance the account, and bring down the balance ready for next month's entries.

(Answer : Totals, £7,025 11s. 7d. ; balance, £5,373 13s. 3d., *Dr.*)

EXERCISE IV.

Write up the following Property Account :—

February 10 1912, purchased property in Cecil Street for £1,000. February 20, paid J. Milner, on account of alterations and improvements, £150. March 17, paid J. Milner balance of his account, £350. May 29, sold half this property to Edward Bunting for £600.

On 30th June 1912 the unsold property is valued at £550. Complete the account and bring down the balance.

(Answer : Loss to date, £350 ; balance, £550, *Dr.*)

EXERCISE V.

Write up the following Bank Shares Account :—

July 2 1912, bought this day 100 £10 shares in the North Indian Banking Company, Lim., £2 10s. per share called up, for £240. August 20, paid this day call of £2 10s. per share, £250.

On 30th September the value of the shares stood at £4 10s. per share. Complete the account and bring down the balance.

(Answer : Loss to date, £40 ; balance, £450, *Dr.*)

EXERCISE VI.

Write up the following Capital Account of Thomas Brown :—

October 1 1912, balance of capital this day, £1,067 8s. 4d. October 31, withdrew £50. December 16, withdrew £50. December 31, net profit for the quarter, £159 16s. 2d.

Complete the account and bring down the balance.

(Answer : Totals, £1,227 4s. 6d. ; balance, £1,127 4s. 6d., *Cr.*)

EXERCISE VII.

Write up the following Capital Account of James Simpson :—

October 1 1912, balance of capital this day, £369 2s. 10d. October 16, paid in the further sum of £250. November 30, withdrew £100. December 31, loss on business for the quarter, £587 16s. 1d.

Complete the account and bring down the balance.

(Answer : Totals, £687 16s. 1d. ; balance, £68 13s. 3d., *Dr.*)

EXERCISE VIII.

Write up the following Dividends and Interest Account :—

July 1 1912, received the following dividends: Great British Banking Co., £11 5s.; South Australian Telephone Co., £6; Central Gas Co., £12 10s. July 9, paid interest on Mortgage, £26 7s. 6d. Received: August 16, Great Western Water Co., £114 8s. August 31, Northern Water Co., £50.

Close the Account as on 30th September 1912, and transfer the balance to Revenue Account.

(Answer: Totals, £194 3s.; profit to date, £167 15s. 6d.)

EXERCISE IX.

Write up the following Expenses Account, and transfer the balance to Profit and Loss Account, as on the 31st December 1912 :—

October 16 1912, paid for Interest, £41 3s. 2d. October 31, paid Trade Expenses, £37 10s.; Salaries, £69 14s. 2d. November 20, incurred Bad Debt for £146 1s. 9d. November 30, paid Trade Expenses, £31 2s. 6d.; Salaries, £69 14s. 2d. December 12, allowed as Discount, £2 16s. 8d. December 31, wrote off Lease, for depreciation, £20; paid Trade Expenses, £27 15s.; Salaries, £51 16s. 8d. On 31st December a further sum of £12 10s. was owing for Trade Expenses.

(Answer: Totals, £510 4s. 1d.; transfer to Profit and Loss Account, £510 4s. 1d.)

EXERCISE X.

Close the books of Henry Jackson on 30th June 1913 (*vide* Chapter IV), according to the English method.

EXERCISE XI.

Open the same books, as on 1st July 1913, according to the "Continental" method.

EXERCISE XII.

Starting with the position of affairs set forth in the last exercise, record the following further transactions of Henry Jackson, and finally close the books.

[This exercise should be separately worked out according to both the English and the "Continental" methods.]

1913.		£	s	d
July	2—Received from William Robinson	50	0	0
,,	5—Received from Thomas Brown ...	125	0	0
,,	12—Received from John Smith ...	50	0	0
,,	,,—Paid into Bank	300	0	0
,,	15—Paid Portland Estate by cheque	12	10	0
,,	24—Drew Cash from Bank	25	0	0
,,	31—Paid Wages	3	6	8
Aug.	10—Let Ground-floor premises to Johnson & Co., as from the half-quarter day, at £800 per annum.			
,,	19—Paid Henry Williams	4	14	0
,,	31—Paid Wages	3	6	8

Sept. 30—Paid Wages 3 6 8

„ Sent out the following accounts
for rent due this day :—

	£	s	d
John Smith ...	50	0	0
William Robinson	50	0	0
Thomas Brown ...	125	0	0
James Jones ...	75	0	0
Johnson & Co ...	100	0	0
	<hr/>		
	400	0	0

„ Sold Property this day to Henry
& Coleman for 15,000 0 0

„ Received their cheque for same
(less proportion of Ground Rent
due) 14,993 15 0

„ Henry & Coleman took over all
Rent now due, and gave their
cheque for same (less 5 per
cent. discount) 380 0 0

„ Paid into Bank 15,384 1 0

(Answer : Balance at Bank, £15,793 15s. od. ; net profit
to date, £568 15s. od. ; balance of Capital Account,
£15,793 15s. od., Cr.)

VII.—COMMERCIAL TERMS.

NOTE.—*The following are a few of the more common commercial terms that appear to require more explanation than can conveniently be accorded to them in the text of this work. The words in italics after each term are its equivalent in French and in German—the former being given first in each case.*

ACCEPTANCE (*Acceptation: Accept*). See under BILL OF EXCHANGE.

ACCOMMODATION BILL (*Effet fictif: Kellerwechsel*). A Bill of Exchange for which no *bonâ fide* consideration has been rendered. The term applied to a Bill that has been either drawn, accepted, or endorsed without value having been received therefor, and for the purpose of lending the name of the drawer, acceptor, or endorser to some other person.

ACCOUNT CURRENT (*Compte courant: Laufende Rechnung*). A running account kept open and added to from day to day. When the balance involved is of sufficient importance it is usual to charge interest upon the daily balance, an additional cash column being placed upon each side of the account for that purpose.

ACCOUNT SALES (*Compte de Vente: Rechnung*). An account rendered by an agent, furnishing particulars of sales made from consignments.

ACCOUNTANTS (*Experts Comptables: Bücherrevisoren*). Experts in the science of accounts.

ACTUARIES (*Calculateurs: Registratoren*). Expert calculators, employed in the preparation of insurance tables, etc., etc.

ASSETS (*Masse active: Activa*). Property: in accounts the total of the Dr. balances of the Real and Personal Accounts.


AUDITORS (*Auditeurs des comptes: Auditoren*). Persons appointed to examine accounts and to verify their accuracy.

BALANCE (*Solde: Saldo*). The difference between the Dr. and Cr. sides of an account.

BALANCE SHEET (*Balance: Bilanz*). A statement showing the outstanding balances in the books of an undertaking on a stated date.

BILL OF EXCHANGE (*Lettre de change: Wechsel*). An unconditional undertaking to pay to a stated person, or his order, or to the bearer, a definite sum, either on demand or at some definite (or determinable) future date.

The following is the usual form of a Bill of Exchange (or Acceptance):—

No. 46.	£780 0 0.	Warrington, 2nd January 1913.	
	order of Mes	Four months after date pay to the	srs. Sims & Co.....
	seven hundred	and eighty	FOUR & CRANE
	pounds—Value received.		
To Messrs. Fox & Crane, London.		SIMS & Co.	

Accepted: payable at
London County and Westminster
Bank, Limited.

In the above example Sims & Co. were the creditors, and Fox & Crane the debtors: Sims & Co. treated the Bill as a

"BILLS RECEIVABLE," and Fox & Crane as a "BILLS PAYABLE." The Bill was prepared by Sims & Co., who are called the "DRAWERS" (*tireurs: ausstellern*), and addressed to Fox & Crane, who are called the "DRAWEES" (*tirés: bezogenern*). The party in whose name this Bill is made payable is called the "PAYEE" (*preneur: remittent*); sometimes, however, a Bill is made payable to "BEARER" (*porteur: inhaber*). A Bill is a "negotiable instrument"; i.e., it may pass, by NEGOTIATION (*négociation: begebung*), from hand to hand. It is necessary, however, that the payee should sign his name upon the back of the Bill before parting with it: this constitutes an ENDORSEMENT (*endorsement: indossament*)—endorsement by the payee or by any other person will render him liable for the amount of the Bill, if it be not met upon maturity. A Bill taken up before it becomes due is said to have been RETIRED (*retiré: eingelöst*). Bills payable thirty or more days after date are not due for repayment until three days after the expiration of their term: these days are called DAYS OF GRACE (*jours de faveur: respectage*). A bill payable in this country requires an *ad valorem* stamp.

BILL OF LADING (*Connaissance: Konnossement*). A document of title by which the owner of a ship acknowledges the receipt of goods to be conveyed by the ship.

BULLION (*or [argent] en barres: Ungemünztes Gold [Silber], fremde, ungangbare Münze*). Gold (or silver) uncoined; also sometimes applied to foreign coin.

CAPITAL (*capital: kapital*). (a) Excess of Assets over Liabilities. (b) The amount of shares a company is authorised to issue—called "Nominal Capital." (c) The amount of shares issued by a company—called "Subscribed Capital." (d) The amount paid up on the shares issued by a company—called "Paid-up Capital."

CAPITAL EXPENDITURE. The amount expended by a company in acquiring or equipping its undertaking. Expenditure for which value remains, as opposed to **REVENUE EXPENDITURE**, which means the amount expended, or lost, in earning or seeking to earn a Revenue.

CASH BOOK (*livre de caisse: Kassenbuch*). A book used for recording the receipt or payment of money.

CHEQUE (*chèque: check*). A bill of exchange, drawn on a banker and payable on demand for some specified sum. A cheque requires a penny stamp.

C.I.F. An abbreviation of "Cost, Insurance, and Freight."

Commandite, Sociétés en. A company in which only the directors incur unlimited liability.

CONSIGNMENT (*consignation: Konsignation*). Goods sent by one person—the **CONSIGNOR**—(*expéditeur: absender*)—to another who is his agent—the **CONSIGNEE** (*consignataire: Konsignatär*)—for sale on commission.

CREDIT NOTE (*accréditif: akkreditiv*). A memorandum correcting an overcharge in an invoice, arising from an error in the quantity, price, or calculation.

DR.—CR.—(*Doit—Avoir: Soll—Haben*). Abbreviations of the words "Debtor" and "Creditor" at the head of an account.

DAY BOOK (*a*) **SALES BOOK** (*livre de ventes: verkaufsbuch*). A book recording particulars of goods sold. (*b*) **PURCHASES BOOK** (*livre d'achats: einkaufsbuch*). A book recording particulars of goods bought.

DEPRECIATION (*dépréciation: abschreibung*). A decrease in value arising from internal causes; the loss arising from such decrease.

DISCOUNT (*escompte: rabatt*). An allowance paid in consideration of the immediate advance of a sum of money due at a future date. To *discount a Bill* is to part with a Bill (Receivable) before it becomes due, allowing discount upon the cash received in its stead.

FIRM (*raison sociale, maison de commerce: firma*). The collective name given to the proprietor or proprietors of a business.

F.O.B. An abbreviation, "Free on board (ship)."

FREIGHT (*fret: fracht*). The cost of forwarding goods by ship.

GOODWILL (*association: gutwille*). The benefit accruing to a business by reason of the support accorded by its customers, which induces the supposition that that support will be continued.

INSURANCE (*assurance: versicherung*). A contract either to indemnify against a loss that may arise upon the happening of some specified event, or to pay on the happening of some event a certain sum to the person insured. The consideration paid by the insured is called the **PREMIUM** (*prime: prämie*). Insurance may be against fire, death, accident, sickness, fraud, or almost any conceivable contingency.

INTEREST (*intérêt au capital: zinsen*). The premium paid by a borrower for the use of money.

INVOICE (*facture: faktura*). A memorandum containing particulars as to the description, quantity, and value of goods sold.

JOURNAL (*journal: journal*). A book containing, in chronological order, a record of transactions, so arranged as readily to admit of their being posted into the Ledger.

LEDGER (*grand livre : hauptbuch*). A book containing, in a classified form, a complete record of transactions. In practice the Ledger is frequently subdivided into several portions (*see postea*).

LIABILITIES (*passif : passiva*). Engagements to pay moneys or goods to others. In accounts the total of the *Cr.* balances of the Real and Personal Accounts (usually) excluding the Capital Account.

LIMITED COMPANIES (*Sociétés anonymes : Actien-Gesellschaft*). Associations having a corporate character in which the liability of the members is limited to a fixed amount prescribed by the Memorandum of Association. An **UNLIMITED COMPANY** (*société en nom collectif*) is a corporation in which there is no limit to the amount of each member's liability.

PARTNERSHIP (*association : gesellschafts-verhältniss*). "The relation which subsists between persons carrying on a business in common with a view to profit." The liability of partners is unlimited. A **LIMITED PARTNERSHIP** (*société en commandite : Gesellschaft mit beschränkter Haftung*) is a registered association, the active directors of which alone incur unlimited liability.

PROMISSORY NOTE (*seule de change : solawechsel*). A plain and direct engagement in writing to pay a sum specified at the time therein named (or on demand) to a person therein named, or to his order, or to bearer. The most usual promissory note is one payable to bearer on demand, issued by a bank and called a **BANK NOTE** (*billet de banque : banknote*).

REBATE. An allowance of any kind—often used to signify the discount upon an unmatured Bill.

RESERVE FUND (*réserve : reservefond*). A sum set aside out of profits, either to meet future losses, to equalise dividends, or to increase working capital. The name of an account recording the setting aside of such a sum.

SHARES (*actions: actien*). Definite portions of the capital of a company, the capital of which is "divided into shares."

SINKING FUND (*caisse d'amortissement: das Tilgungscapital, der Tilgungsfond*). A fund created out of periodical instalments set apart to accumulate, so that at the end of a certain time it may amount to the sum required to meet the purpose of its creation—*e.g.*, the redemption of a loan, or the replenishing of a wasting asset.

SPECIE (*espèces: gemünztes*). Coined money, as opposed to Bullion.

WAGES (*salaire: arbeitslohn*). Remuneration paid to workers. English bookkeepers distinguish between WAGES (the remuneration of productive workers—charged against Trading Account) and SALARIES (the remuneration of unproductive workers—charged against Profit and Loss Account).

VIII.—ACCOUNTS OF TRADERS.

It is now proposed to deal with the Accounts of Traders—*i.e.*, those persons whose occupation consists of buying and selling goods.

It will be obvious that the system of accounts described in Part I will require some modification to adapt it to the altered conditions now introduced, but the student must remember that the fundamental principles of bookkeeping are as unalterable as the laws of the Medes and Persians; the various additional accounts that will now be described are therefore merely developments of the system already discussed, and their introduction is not a matter of vital necessity, but rather one of convenience. Theoretically, it would be quite possible to record every class of transactions by the use of the Journal and Ledger alone; but, in practice, such a course would be found to be extremely inconvenient, on account of the enormous amount of unnecessary labour involved. The objects, then, of the various modifications now about to be described are to economise labour, and to add to the clearness of the record of the various transactions.

CASH. These accounts, it will be remembered, have hitherto been recorded in—

(a) The Cash Book, which records the receipt and payment of cash by the proprietor or his cashier.

(b) The Bank Account in the Ledger, which records the receipt and payment of cash by the proprietor's bankers.

It will be remembered that the entries in the Cash Book are made direct (as the transactions occur), and that the entries in the Bank Account are posted up periodically, the debit side being posted from the credit side of the Cash Book, and the credit side being posted from the Journal. When the transactions are numerous, there are two objections to this mode of record, both of which are of considerable importance. They are as follow :—

(a) The Bank Account—not being a book of first entry—will not continuously show the balance at the bank.

(b) The labour of journalising every cheque drawn is considerable.

It will be remembered (*cf.* page 36) that these are the identical reasons that originally led to the introduction of a separate Cash Book, and the present difficulty has led to the same result : viz., the separation of the Bank Account from the remainder of the Ledger Accounts and its formation into a separate book, into which the various transactions concerning it are entered direct as they occur. Payments by cheque are thus posted direct from the credit side of the Bank Book to the debit of the various accounts chargeable with the expenditure, and the necessity for a Journal entry recording each transaction is obviated : on the other hand, the payments from the credit of Cash to the debit of Bank are referenced to and from in exactly the same way as before.

This system of keeping separate books for Cash and Bank is frequently to be met with in practice. The following example shows the Cash Account and Bank Account of Henry Jackson (*vide* pp. 37 and 40) re-cast upon this principle :—

Dr.		CASH.		CONTRA.		Cr.	
1913			£ s d	1913			£ s d
April 1	To Balance ..	x	25 0 0	April 6	By Bank ..	I	140 0 0
6	" Thos. Brown	5	125 0 0	13	" Do. ..	I	100 0 0
10	" W. Robinson	6	50 0 0	30	" Wages ..	II	3 6 8
12	" J. Smith ..	4	50 0 0	May 31	" Do. ..	II	3 6 8
June 30	" Jas. Jones..	7	75 0 0	June 30	" Do. ..	II	3 6 8
				"	" Balance down	x	75 0 0
			<u>£325 0 0</u>				<u>£325 0 0</u>
July 1	To Balance ..	x	75 0 0				

Dr.		BANK.		CONTRA.		Cr.	
1913			£ s d	1913			£ s d
April 1	To Balance ..	x	120 0 0	May 12	By Capital Account	3	100 0 0
6	" Cash ..	I	140 0 0	June 15	" Repairs ..	13	12 16 0
13	" Do... ..	I	100 0 0	30	" Capital Account	3	100 0 0
				"	" Balance down	x	147 4 0
			<u>£ 360 0 0</u>				<u>£ 360 0 0</u>
July 1	To Balance ..	x	147 4 0				

A further modification is, however, frequently thought desirable, it being found inconvenient to keep *two* separate books for Cash and Bank. Double money columns are therefore provided in one "Cash Book" for the record of both Cash and Bank transactions. Under this system, the transactions recorded in the preceding example would appear in the following form :—

The student should carefully compare the above example with the separate accounts of which it is composed : he will especially notice that the "Cash" and "Bank" columns are in every way as distinct as they were when the two accounts were kept in separate books. The letter "c" in the folio columns (standing for "contra") serves as a reference of the various transfers from the Cash Account to the Bank Account ; it is also sometimes used (or the sign "×," as shown in the example) where an account is ruled off, and the balance brought down upon the same page.

BILLS RECEIVABLE. The nature and object of a Bill will have been rendered familiar by the study of the preceding chapter : it now remains to consider the method of recording transactions in bills. It is not proposed, at this stage, to confuse the student with any lengthy comparison of rival methods ; suffice it for the present that the mode now to be described is one very generally in use, but that alternative methods will be described in due course.

A Bill Receivable is a bill (either an acceptance or a promissory note) payable by another, or others, that has come into our hands in the course of business. If an acceptance, it may have been drawn by us upon a customer and accepted by him, or it may be that the person from whom we receive it is the drawer, and the acceptor a third party with whom we have no immediate dealings ; or again it may be that both drawer and acceptor are strangers to us. Unless we have ourselves drawn the bill, or unless we are the payees named in the bill, it will not usually have come into our hands until endorsed by every person who has been a holder.

It is usual to keep a special "Bills Receivable Book," in which each bill is entered as received. The form of this book is a matter of the greatest uncertainty, but the following is a usual form, and one that illustrates every principle which it is now desirable to demonstrate :—

It will be seen from the above example that, during the month of January 1913, acceptances have been received from Forbes, Ball, and Wright: it is necessary therefore to credit each of these gentlemen with the amount of his bill, which is done by posting that amount from the Bills Receivable Book to the credit of his Personal Account in the Ledger. The bills received are, however, assets, and therefore require to be placed to the debit of a Real Account in the Ledger; as there is nothing to be gained by posting each to a separate account, it is usual to post the *monthly total* to the debit of Bills Receivable Account in the Ledger. The double record of each transaction is therefore now completed: each customer being credited with the Bills Receivable which they have forwarded, and the Bills Receivable (Ledger) Account being debited with the amount of the bills so received.

The entry of £1,436 to the debit of our Bills Receivable Account—standing alone—would imply that there was due to us, upon bills in hand, the sum of £1,436. A reference to the “Remarks” column will, however, show that Bill No. 79 is no longer in hand—it having been “negotiated” (*i.e.*, it was endorsed and handed over to the Western Steel Co.); it becomes necessary, therefore, to credit Bills Receivable Account with £490, and to debit that amount to the account of the Western Steel Co., who have received the bill.

This leaves a debit balance of £946 on the Bills Receivable Account on 31st January 1913, which agrees with the items not marked off in the “Remarks” column in the Bill Book.

On the 8th March 1913, Bill No. 78 becomes due, and is collected by the bankers: £96 will then be entered in the Bank column of the Cash Book on the debit side. This will be posted to the credit of Bills Receivable Account, and marked off in the “Remarks” column of the Bill Book. The balance

of the Bills Receivable Account on the 31st March is thus £850 ; which, upon reference to the Bill Book, will be found to consist of Bill No. 80—the only bill in hand at that date.

The Ledger Account of Bills Receivable is given below, for the purpose of adding clearness to the above explanation.

3 <i>Dr.</i>			BILLS RECEIVABLE.*		<i>Cr.</i> 3		
1913 Jan. 31	To Sundries ..	B.B. 26	£ s d 1,436 0 0	1913 Jan. 11	By W. Steel Co. (No. 79) ..	J. 72	£ s d 490 0 0
				" 31	" Balance down	C.	946 0 0
			£ 1,436 0 0				£ 1,436 0 0
Feb. 1	To Balance down	C.	946 0 0	Mar. 8	By Cash (No. 78)	144	96 0 0
				" 31	" Balance down	C.	850 0 0
			£ 946 0 0				£ 946 0 0
Apr. 1	To Balance ..	C.	850 0 0				

It will be noticed that the entry on January 11th has been passed through the Journal : it will presently be shown that such unusual transactions as the one there recorded are almost the only entries that remain for the once ubiquitous Journal to record.

BILLS PAYABLE are either acceptances drawn upon a trader, or promissory notes signed by him : they are given by him in satisfaction of creditors' claims, and have to be met by him upon maturity. It will be obvious that, under ordinary circumstances, he has no means of knowing who will present his bills for payment when the time comes.

When a bill payable is signed, and before it is issued, it should be entered in the Bills Payable Book of the following (or a similar) form :—

* In comparing this account with that appearing on page 144, it should be noted that the discrepancy observable arises from the fact that (for the sake of simplicity) no Bills received prior to 1st January 1913 are included above.

BILLS PAYABLE.					JANUARY 1913.					15
No. of Bill	When Accepted	On whose Account	For.	Amount of Bill	Drawer	To whom Payable	Date of Bill	Term	When due	Remarks
45	Jan. 2nd	Sims & Co.	15	£ 780 0 0	Sims & Co.	Sims & Co.	Jan. 2nd	4 months	Jan. Feb. Mar. April ... 5 May June July Aug. Sep. Oct. Nov. Dec.	Retired 18/1/13
				4 £780 0 0						

The general treatment of Bills Payable is the converse of the method just described : the amount of Bill No. 46 will be debited to the account of Sims & Co., to whom the Bill has been delivered, and the monthly total of bills issued will be posted to the credit of Bills Payable Account. The credit balance of this latter account, at any time, should correspond with the amount of Bills Payable outstanding, as shown in the Bills Payable Book. As bills mature they are presented at the bank (if they have been made payable at our bankers, as would be the usual practice), for payment ; and when paid are entered like cheques on the credit side of the Cash Book in the bank column : thence they are posted to the debit of Bills Payable Account, reducing the balance of Bills Payable outstanding.

There are various other considerations in connection with the treatment of Bills that will require to be dealt with later on.

DISCOUNT. The commercial meaning of the word "discount" has already been defined ; it now remains to consider the most convenient manner of recording the allowance or receipt thereof.

When a debtor deducts discount from the amount due, the result, from the creditor's point of view, is a loss. Thus, supposing A. Thompson stands as a debtor for £10 and the creditor accepts £9 10s. in payment thereof, the remaining 10s. being allowed him as discount (at 5 per cent.), then £9 10s. will be the amount debited in the Cash Book and posted to the credit of Thompson's account. This leaves a debit balance of 10s. still standing on Thompson's account—which is wrong, for he owes nothing—and we shall have omitted to record the fact that, in allowing Thompson to deduct £5 per cent. discount, the creditor made a loss of 10s. To put this right it is necessary to open a nominal account called Discounts Account ; debit that account with 10s., and credit Thompson's account with the same amount.

When discount is deducted from a creditor's account a profit is made ; the process, therefore, is to debit the creditor's Ledger Account, and credit Discounts Account, with the amount so deducted.

The precise means adopted to secure the entry of discounts allowed and received against the proper Ledger Accounts is a matter of detail merely : if the occasion arises but rarely, a special Journal entry in each instance will meet the case sufficiently well ; but where, as is frequently the case, the great majority of the payments and receipts are subject to some deduction for discount, the method is obviously too cumbersome to be practicable. A special column upon each side of the Cash Book is therefore provided in which is inserted the amount of discount that has been deducted, the cash and bank columns containing (as before) the amount actually received or paid : at the end of each month the discount columns are totalled—the total on the debit side (which consists of discounts allowed to debtors, which have been posted to the credit of their respective accounts) is inserted in the discount column on the credit side, and thence posted to the debit of Discounts Account. Conversely, the total of the credit side (which consists of discounts allowed by creditors, which have been debited to their respective accounts) is inserted in the discount column on the debit side, and thence posted to the credit of the Discounts Account. The balance of the Discounts Account (like that of every other Nominal Account) is eventually transferred to Profit and Loss Account.

In order that this matter of discounts may be quite clear to the student, the following example is appended to show what the effect of giving and allowing 5 per cent. discount would have been upon the transactions of Henry Jackson during the quarter ended 30th June 1913 :—

Dr.		CASH.				CONTRA.				Cr.	
		Fo.	Discounts	Cash	Bank		Fo.	Discounts	Cash	Bank	
			£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	
1913	To Balance ..	..	..	25 0 0	120 0 0	1013	By Bank ..	..	140 0 0	100 0 0	
April 1	" Thos. Brown ..	5	6 5 0	118 15 0	140 0 0	April 6	" Do. ..	..	90 0 0	12 3 2	
" 10	" Cash ..	C.	..	..	..	13	" Wages ..	..	3 6 8	100 0 0	
" 12	" Wm. Robinson ..	6	2 10 0	47 10 0	..	30	" Capital Ac- count ..	..	..	..
" 13	" Jno. Smith ..	4	2 10 0	47 10 0	..	May 12	" Wages ..	..	..	..
June 30	" Cash ..	C.	..	..	90 0 0	31	" Repairs ..	..	3 6 8	..	
	" Jas. Jones ..	7	3 15 0	71 5 0	..	June 15	" Capital Ac- count ..	..	..	100 0 0	
						30	" Wages ..	..	3 6 8	..	
						"			
	" Discounts re- ceived ..	15	15 0 0	..	..	"	" Discounts allowed ..	0 12 10	..	137 16 10	
			0 12 10	..	..	"	" Balance down..	15 0 0	70 0 0	£350 0 0	
						"		
									£15 12 10	£310 0 0	
July 1	To Balance down..	C.	..	70 0 0	137 16 10				..	..

It will be seen that the Cash and Bank balances together amount to £207 16s. 10d., as against £222 4s. when no discounts were allowed or taken; the difference (£14 7s. 2d.) is expressed as a balance to be carried to the debit of Profit and Loss from Discount Account, which the following example shows to be the case:—

15 Dr.		DISCOUNTS ACCOUNT.				Cr. 15	
1913 June 30	To Sundries ..	c 1	£ s d 15 0 0	1913 June 30	By Sundries .. " Profit and Loss Ac- count ..	c 1	£ s d 0 12 10
						16	14 7 2
			<u>£15 0 0</u>				<u>£15 0 0</u>

In practice, however, it is usually considered preferable to carry the total loss on Discounts to the debit of Profit and Loss, and the total profit thereon to the credit, so that the Profit and Loss Account may show the full particulars.

It is not anticipated that the student will experience any difficulty with the treatment of discounts upon Bills, but, to save misapprehension, the question will be noted as it arises.

PARTNERSHIP ACCOUNTS. Hitherto, for the sake of simplicity, only the accounts of persons carrying on business alone—*i.e.*, without partners—have been dealt with. It is now desirable that the student should become acquainted with the modifications required in the books when the business belongs to a number of partners or a "firm."

In the previous chapter a definition of a partnership has been given. It may, therefore, be assumed that the student is acquainted with the circumstances of the case, and his attention will therefore be confined to the explanation of the entries required to give effect to these altered circumstances.

BALANCE SHEET, 1st January 1913.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s	d		£	s	d
A., Capital Account	1,950	0	0	Stock-in-hand	1,500	0	0
B., Capital Account	1,000	0	0	Sundry Debtors.. ..	650	0	0
Sundry Creditors	1,250	0	0	Cash at Bank	2,050	0	0
	<u>£4,200</u>	<u>0</u>	<u>0</u>		<u>£4,200</u>	<u>0</u>	<u>0</u>

There is another way of looking at this transaction: If A. is willing to take £1,000 for a half-share in his business, this is the same as saying that he considers the Goodwill of his business worth £2,000, and that, if B. will contribute half the value of the Goodwill and £1,000 as working capital, he will admit him into partnership upon equal terms. This is the principle sometimes adopted in framing the accounts, and where it is so done the entries would be as follow: Debit Goodwill Account and credit A. Capital Account with the value of the Goodwill; and debit Bank Account and credit B. Capital Account with the *whole* amount paid by B.

Where this method is adopted our two Balance Sheets will assume the following form:—

BALANCE SHEET, 31st December 1912.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s	d		£	s	d
A., Capital Account	2,950	0	0	Stock-in-hand	1,500	0	0
Sundry Creditors	1,250	0	0	Goodwill Account	2,000	0	0
				Sundry Debtors.. ..	650	0	0
				Cash at Bank	50	0	0
	<u>£4,200</u>	<u>0</u>	<u>0</u>		<u>£4,200</u>	<u>0</u>	<u>0</u>

BALANCE SHEET, 1st January 1913.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s	d		£	s	d
A., Capital Account	2,950	0	0	Stock-in-hand	1,500	0	0
B., Capital Account	2,000	0	0	Goodwill Account	2,000	0	0
Sundry Creditors	1,250	0	0	Sundry Debtors.. ..	650	0	0
				Cash at Bank	2,050	0	0
	<u>£6,200</u>	<u>0</u>	<u>0</u>		<u>£6,200</u>	<u>0</u>	<u>0</u>

A comparison of these four Balance Sheets will be found a most profitable occupation for the student.

Now, suppose it be decided to amalgamate the business of A. and B. with that of C., whose Balance Sheet (including value of Goodwill) is approved at the following figures :—

BALANCE SHEET, 1st January 1913.

<i>Liabilities.</i>				<i>Assets.</i>			
		£	s d			£	s d
C., Capital Account	.. ..	2,750	0 0	Stock-in-hand	.. ..	1,200	0 0
Sundry Creditors	.. ..	750	0 0	Goodwill Account	.. ..	1,500	0 0
Overdraft at Bank	.. ..	500	0 0	Sundry Debtors	.. ..	1,300	0 0
		<u>£4,000</u>	<u>0 0</u>			<u>£4,000</u>	<u>0 0</u>

The Balance Sheet of the firm A., B., and C. will then be as follows :—

BALANCE SHEET, 1st January 1913.

<i>Liabilities.</i>				<i>Assets.</i>			
		£	s d			£	s d
A., Capital Account	.. ..	2,950	0 0	Stock-in-hand	.. ..	2,700	0 0
B., Capital Account	.. ..	2,000	0 0	Goodwill Account	.. ..	3,500	0 0
C., Capital Account	.. ..	2,750	0 0	Sundry Debtors	.. ..	1,950	0 0
Sundry Creditors	.. ..	2,000	0 0	Cash at Bank	.. ..	1,550	0 0
		<u>£9,700</u>	<u>0 0</u>			<u>£9,700</u>	<u>0 0</u>

Where new books are to be started by the firm, the opening entries will be upon exactly the same lines as those indicated upon pages 46 and 47 ; separate Journal entries being made for the assets and liabilities of each partner, but only one Opening Balance Account (identical with the last preceding Balance Sheet) being employed.

The process to be adopted where the old books are continued, and the detailed treatment of the various trade accounts, will occupy our attention at a later stage.

PARTNERS' DRAWINGS. In practice it is usually found convenient to open a distinct account for the drawings of each partner. This account will at each periodical balancing be transferred to a "Current Account" opened in the name of the partner, which will also be credited with his share of profits, and with any interest upon capital to which he may be entitled; whatever balance may be shown on the Current Account at the closing of the books is brought forward in the ordinary way. If, however, it is provided by the terms of the partnership that all profits in excess of a certain amount are to be left in as capital, the amount of any such surplus profit must be transferred from Current Account to the credit of Capital Account; or the Current Account may be suppressed altogether, and the balance of each partner's Drawings Account, together with his share of profits and interest on capital, may be transferred direct to his Capital Account. (*cf.* page 118).

QUESTIONS ON CHAPTER VIII.

1. What are the advantages of a double-column Cash Book?
2. Describe the mode of entering discounts in the Cash Book, and trace the system to both sides of the Ledger.
3. How would you record the receipt of a Bill Receivable, and its payment upon maturity?
4. How would you record the issuing of a Bill Payable, and its payment upon maturity?
5. What do the balances of the Bills Receivable and Bills Payable Accounts in the Ledger show respectively?
6. Describe the opening entries in the books of a firm.
7. What is the advantage of a separate Current Account?
8. How is it kept, and what does the balance upon each side signify?

IX—ACCOUNTS OF TRADERS (*continued*).

NEXT comes the consideration of these accounts that specially characterise the affairs of traders—the accounts relating to the sale and purchase of goods. These accounts are focussed into one account, variously described as “Goods Account,” “Trading Account,” and “Stock Account,” and it will be in keeping with the general scheme of the present work to consider the nature of this account first, and then proceed to trace the various items to their respective sources.

It will facilitate the student's comprehension of the Trading Account if he considers it first as an account relating to *quantities* of goods only—disregarding for the moment the money value of such goods. The general scheme of the account is that it is debited with all goods received (*i.e.* with all purchases), and credited with all goods sent out (*i.e.* with all sales), the debit balance at any time representing the amount of goods in hand, or “Stock.” It will be seen that this is exactly the same principle that governed the treatment of the Cash Account, and the student will find it a help to look upon the Trading Account as an account kept by the proprietor as a tally upon a stock-keeper in whose charge the goods are supposed to be.

To take the case of an iron merchant: his stock on the 1st January 1913 may be supposed to have been 1,584 tons 12 cwt., his purchases for the month 467 tons 3 cwt. 1 qr., and his sales 591 tons 0 cwt. 2 qrs., leaving a stock on hand

of 1,460 tons 14 cwt. 3 qrs. on the 31st January. The Trading Account will then assume the following form:—

<i>Dr.</i>		TRADING ACCOUNT.		<i>Cr.</i>	
1913 Jan. 1	To Stock on hand	T. Cwt. Qr.	1913 Jan. 31	By Sales for the Month	T. Cwt. Qr.
31	" Purchases for the Month ..	1,584 12 0	6	" Stock on hand	591 0 2
		467 3 1			1,460 14 3
		2,051 15 1			2,051 15 1
Feb. 1	To Stock on hand	1,460 14 3			

Had any of the goods purchased been returned, they would have been placed to the credit of this account; and, conversely, had any of the sales been returned to the merchant, he would have debited this account with the amount so received by him. In practice, such an account as the above would never quite balance, on account of waste and inaccuracies in weights; but this consideration need not now be considered.

Now, it will be obvious that this account cannot be incorporated into the financial books without putting a money equivalent upon the various items; for the sake of simplicity let us suppose that the merchant purchases at a uniform price of 95s. per ton, and sells at a uniform price of 100s. per ton, then—putting these sterling equivalents against the various items in our account—we arrive at the following result:—

<i>Dr.</i>		TRADING ACCOUNT.		<i>Cr.</i>	
1913 Jan. 1	To Stock on hand ..	T. Cwt. Qr.	1913 Jan. 31	By Sales for the month	T. Cwt. Qr.
31	" Purchases for the month ..	1,584 12 0	*	" Stock on hand..	591 0 2
		467 3 1			1,460 14 3
		2,219 0 5			2,955 2 6
					6,938 10 0

It will be seen that this account shows a credit balance of £147 15s. 1d., and a little reflection will suffice to show that the reason for this discrepancy is that the sales have been extended at £5 per ton, and the other figures at 95s. per ton—

the difference, viz., 591 tons 0 cwt. 2 qrs. at 5s. per ton amounting to £147 15s. 1d., being the amount of the credit balance. Now this amount represents the 5s. per ton profit on the month's sales; or, in other words, the profit on the sales for the month. It being a profit, the proper course is to carry it to the credit of Profit and Loss Account. Therefore debit Trading Account and credit Profit and Loss Account with £147 15s. 1d. The Trading Account can now be balanced and the position is as follows:—

Dr.		TRADING ACCOUNT.						Cr.							
1913		T. Cwt	Qr	£	s	d	1913		T. Cwt	Qr	£	s	d		
Jan. 1	To Stock on hand ..	1,584	12	0	7,526	17	0	Jan. 31	By Sales for the m'th	591	0	2	2,955	2	6
31	" Purchases for the month	467	3	1	2,219	0	5	"	" Stock on hand ..	1,460	14	3	6,938	10	0
"	" Profit and Loss A/c. (Profit on Sales for the m'th)	..			147	15	1								
		2,051	15	1	£9,893	12	6			2,051	15	1	£9,893	12	6
Feb. 1	To Stock on hand ..	1,460	14	3	6,938	10	0								

Dr.				PROFIT AND LOSS ACCOUNT.				Cr			
				1913							
				Jan. 31	By Trading Account			£	s	d	
								147	13	1	

The reader will now notice a distinguishing feature of the Trading Account: *At rest* (i.e. when balanced off) the Trading Account is a Real Account, the balance representing the value of stock on hand; but *in motion* (i.e. while the account is kept open for the record of further transactions) the Trading Account is a Composite Account—partly Real, and partly Nominal—the balance representing nothing definite, but being compounded of the value of the stock and the profit earned on the sales.

In such a case as the above, where the profit upon every separate sale can be actually determined, it would have been possible to credit Profit and Loss Account with the amount of such profit at once, carrying only the cost price of the articles sold to the credit of the Trading Account; but such ideally simple cases would not be found in actual practice, and in any event the number of entries involved would be far greater than by the above method.

To those who are familiar with the use of mathematical formulæ, the following equations will make the position even clearer than the preceding concrete example:—

Suppose S = value of stock at commencement, S^1 = value of stock at close, P = value of purchases, C = cost price of sales, T = profit on sales, and V = the amount of the sales.

Then


$$V = C + T, \text{ and}$$

$$S + P = C + S^1, \text{ therefore}$$

$$S + P + T = C + S^1 + T = V + S^1.$$

We therefore see that, even when C and T are unknown, their value may be deduced from the known values of S , P , V , and S^1 . Hence it becomes important for every trader to ascertain periodically the value of S , S^1 (his stock in hand). In practice, it is frequently not feasible to arrive at this by keeping an accurate account of the stock in quantities (*vide* the example on page 119), on account of the number of different articles, and qualities of articles, in which the trader deals, and it therefore becomes necessary for the value of the stock to be ascertained solely by actual inspection and inventory. The total purchases and total sales will, however, always be shown by the books.

Purchases. Goods purchased would ordinarily be accompanied by an invoice (or, if not actually accompanied by an invoice, the latter would be received by post practically simultaneously), of which the following may be cited as a typical example :—

		Excelsior Works, Warrington,			
		2nd January 1913.			
Messrs. Fox & Crane.					
To SIMS & Co.					
T.	C.	Q.	No. 492	Angles.	£8
100	0	0			800 0 0
					
		<u>Acceptance enclosed</u>			
		per L. & N.W. Ry.			

As the goods are received they are compared with the invoice as to weight, description, and price; and, if correct, passed on to the counting-house for entry. If incorrect, a corrected invoice is applied for and substituted for the original invoice, or a supplementary invoice or credit note is forwarded and the original invoice left to stand. A credit note is usually printed in red ink to distinguish it from an invoice.

It is no part of the scheme of this work to discuss the relative methods of dealing with invoices; let it, therefore, suffice to say that, after being entered in the Purchase Book (also called Bought Book, Invoice Book, Bought Journal, Purchase Journal), they are numbered and arranged so that they can readily be referred to, should occasion arise.

Account with the month's total purchases, it is necessary to open five separate Trading Accounts, one for each department, and the total of each departmental column will require to be debited to its proper Trading Account.

The full working out of this system will be shown in detail in the following chapter.

Sales. As with purchases, so with sales, there are many different methods of dealing with the initial record. In every case, however, a detailed invoice will have to be supplied to the debtor, of a similar nature to that which is received when goods are purchased, as shown above. Sometimes the Day Book, in which the sales are daily recorded, will contain a facsimile of the invoice sent out; but a more convenient method seems to be to take a carbon copy of the invoice and to enter the sale in the Day Book in a summarised form. Where this is done the same book can be used for the purpose of analysing the sales into departments as follows:—

SALES for the Month of *January 1913.*

Weight	No. of Inv.	Name	No.	Tota	Angles	Bars	Fish- plates	Rivets	Sleep'rs
T. c. q.				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
20 0 0	1	<u>3</u> <i>Henry Dale</i>	13	180 0 0	..	180 0 0			
12 0 0	2	<u>5</u> <i>Hugh Forbes</i>	14	96 0 0	..	..	96 0 0		
0 10 0	3	<u>13</u> <i>Hugh Forbes</i>	14	12 15 0	..	..	..	12 15 0	
100 0 0	4	<u>19</u> <i>William Wright</i>	12	850 0 0	..	850 0 0			
132 10 0				1,138 15 0	..	1,030 0 0	96 0 0	12 15 0	
						Fo. 6	Fo. 7	Fo. 8	

The items in the Sales Day Book are posted to the debit of the various customers to whom goods are supplied, and the monthly departmental totals are posted to the credit of the various departmental Trading Accounts.

Returns received back from customers, as also overcharges, are acknowledged by "credit notes" of a form similar to the original invoices, but printed in red ink. They are usually entered in a separate "Sales Return Book," ruled like the Sales Day Book, which is posted like the Purchase Book; but occasionally they are entered in the Sales Book *in red ink*, being subtracted in the additions of the various columns, which practically produces the same effect. The latter plan is not often adopted, however, except where the occurrence of a return or an overcharge is a very uncommon one.

Before leaving the question of the treatment of Purchases and Sales, it will be convenient to notice two important modifications that are frequently to be found in the method that has been described.

First, it is a common thing to find a separate Sales Day Book in each "department" of a business; and in such cases there is no longer any necessity for these books to be provided with analytical columns. Again, it is not unusual to find Day Books duplicated, so that they may be used on alternate days—one being in use in the entering room, while the other is being posted up in the counting-house; in large businesses, this duplication of subsidiary books becomes a matter of necessity, as well as convenience.

Secondly, it not being usual to prepare a Balance Sheet at the end of each month, it is found in practice to be inconvenient to post the monthly totals of the Purchase Book and Sales Day Book direct to Trading Account. These totals are, therefore, respectively posted to "Purchases Account" and "Sales Account," and thence transferred to Trading Account when the books are closed.

Consignments will be best dealt with as they arise in the course of the succeeding examples, but a few general points will not be out of place in the present chapter.

When a merchant sends out a consignment, what he really does is to transfer a portion of his stock-in-trade to the temporary custody of the consignee, who has instructions to sell it upon such terms as may have been arranged, and to remit the proceeds. He, therefore, credits his general Trading Account with the value of the consignment, and debits a particular Trading Account (distinguished as “‘A’ Consignment Account”) with a corresponding sum; freight, insurance duty, and other expenses incurred on the venture are likewise debited to this special account—as increasing the total cost of the consignment—and the proceeds are credited, as and when advised by, or received from, the consignee. When the consignment is all sold, the remittances received, and the expenses charged up, the Consignment Account becomes a Nominal Account—*i.e.* if it shows a credit balance, there is a profit to be carried to the credit of Profit and Loss Account; while, if it shows a debit balance, there is a loss to be carried to the debit of Profit and Loss Account. A better (but perhaps less usual) plan is to credit the Consignment Account and credit consignee with his expenses; and debit cash (or Bills Receivable) and credit consignee with his remittance. So framed, the Consignment Account shows all the material facts, and is more useful for future reference.

From the point of view of the consignee, the problem may be conveniently dealt with as follows:—

Upon the receipt of the goods he opens two accounts—one “Consignment from M. Account,” to which he debits the value of the goods received, the other “‘M’ (Consignment) Account,” which he credits with a like sum. The former account he keeps as a pure Goods Account, crediting sales as contracted until the whole consignment is sold; if the consignment has realised a profit, this account will show a credit balance which must be transferred to the credit of the second

account ; and, conversely, if there has been a loss, it will be shown as a debit balance on the first account, and must be transferred to the debit of the second account. The second account will have been debited with any expenses incurred by the consignee, his commission, and such remittances as may have been made ; interest will be provided for, and the balance of this account will show the amount due to the consignor to close the account.

Some bookkeepers prefer to keep the whole matter in one account, instead of two ; but it is thought that the method explained above is clearer, and equally concise.

QUESTIONS ON CHAPTER IX.

1. What is a Trading Account, what items appear upon each side, and what does the balance represent?
2. How may the profit on sales be deduced from the Trading Account?
3. Is the Trading Account a Real or a Nominal Account?
4. What is the object of Departmental Trading Accounts?
5. How is the Purchase Book posted?
6. How is the Sales Book posted?
7. How would you record a consignment sent out by a merchant?
8. How would you record the same in the books of the consignee?

X.—TRANSACTIONS OF FOX & CRANE.

Opening the Ledger—The Subsidiary Books.

HAVING now disposed of a few of the leading difficulties connected with Traders' Accounts, it is well to proceed from theory to practice, and show how an ordinary example of transactions should be dealt with in the books of a trading firm.

For the purpose of giving a more definite interest to this and the following chapter, the example that has been selected has been taken from an examination paper set some years ago by the Society of Arts; but it is only fair to add that this paper has been somewhat modified, to provide scope for the introduction of Departmental Trading Account.

The example is as follows :—

Henry Fox, iron merchant, at January 1st 1913, had a balance at his bankers of £1,724 10s., and cash in office £85 16s. 4d.

His bills in hand amounted to £704 7s. 6d., being acceptances No. 74, £186 17s. 6d.; No. 76, £300; and No. 77, £217 10s.

Debts owing to him on open accounts were, by Joseph Ball, £58 19s.; Thomas King, £275 18s. 4d.; William Wright, £285 9s. 9d.; and Henry Dale, £178 10s.

He had also goods on consignment with Henry Poole, Smyrna, of the cost value of £680.

His freehold business premises were valued at that date at £1,740.

His Stock-in-Trade was as follows :—

tons	cwt.	qr.					£	s	d
50	0	0	Angles @ £8 ...	...	...	...	400	0	0
200	0	0	Bars @ £7 15s. ...	...	...	...	1,550	0	0
20	0	0	Fish-plates @ £7 10s. ...	...	...	...	150	0	0
1	4	1	Rivets @ £22 ...	...	...	...	26	13	6
100	0	0	Sleepers @ £7 10s. ...	...	...	...	750	0	0
<hr/>							<hr/>		
37	1	4	1				£2,876	13	6
<hr/>							<hr/>		

He had given acceptances, which were then current, as follows :—
No. 43, £281 10s.; No. 44, £250; No. 45, £140 16s. 8d.

He owed on open accounts, to Sims & Co., £85 1s. 6d.; Jones & Young, £41 17s.; Percy Bright, £60; and John Kerr, £102 5s. 6d.
Find and credit his capital.

For the purpose of recording these transactions, it is desirable to make use of the following books :—

Cash Book.

Sales Book.

[Sales Return Book—not required in this case].

Purchase Book.

Purchase Returns Book.

Journal.

Bills Receivable Book.

Bills Payable Book.

Ledger.

It not being the purpose of the present work to show the precise points in which convenience requires that the accounts of iron merchants should *differ* from those of ordinary traders, this example will be dealt with upon strictly general lines; but the student will hardly require to be told that the accounts of each different class of traders present (in practice) more or less important modifications in detail (*vide* page 2).

It will be seen that the effect of these cross entries is to debit the Ledger (which, of course, includes the Cash Book) with £17,220 8s. 10d., and to credit it with a like sum, so that a Trial Balance taken out at this period would show the Dr. and Cr. sides balancing. It is not, of course, necessary to take out a Trial Balance at this period; but, as there are not any further entries to be made in the Balance Sheet, it is as well to rule off that account as shown in the example.

It has not been thought necessary to show the opening of each Ledger Account; but, if the student should feel any doubt upon this subject, let him refer to the full Ledger in the following chapter.

To proceed with the example, the transactions are as follow :—

1. On the 1st January Henry Fox admitted as partner Joseph Crane, who paid into the Bank Account £3,000 as his capital, to receive, in accordance with the deed of partnership, one-fourth of the profits, Henry Fox guaranteeing the debts then owing to the concern, and reserving a preferential claim to the extent of £50 on the first month's profit in respect of business previously done.

				£	s	d
2 & 3.	Jan. 2	Bought of Sims & Co. for 4 months' bill 100 tons angles at £8 (subject to 2½ per cent. discount)	800	0	0	
4.	3	Paid them cheque They allowed discount	81	0	0	
			4	1	6	
5.		Sold Henry Dale for prompt cash,* less 2½ per cent., 20 tons bars at £9 ...	180	0	0	
6.	5	Received payment of bill No. 74 ...	186	17	6	
7.		Sold Hugh Forbes for 2 months' bill, 12 tons fish-plates at £8	96	0	0	

* This is a technical term, signifying that 2½% discount will be allowed if the account is paid on or before a specified date in the near future.

			£	s	d
8.	Jan. 6	Shipped on consignment to Henry Poole, Smyrna, 80 tons angles at £8... ..	640	0	0
9.		Paid freight, insurance, and charges thereon	56	0	9
10.		Debited Sims & Co. for short delivery angles, 1 ton 15 cwt. at cost	13	13	0
11.	6	Paid wages	4	5	0
12.	8	Paid fire insurance on office and warehouse	3	5	0
13.		Received payment bill No. 77, due this day	217	10	0
14 & 15.	10	Sold on commission at 2s. 6d. per ton for the Western Steel Co. to Joseph Ball, 70 tons steel rails at £7 per ton on 3 months' acceptance	490	0	0
16.	11	Endorsed and forwarded acceptance to Western Steel Co.			
17.		Debited them with commission	8	15	0
18.	12	Bought of Percy Bright, 12 cwt. rivets at 22s.	13	4	0
19.		Paid him	70	0	0
		Discount allowed	3	4	0
20.	13	Sold Hugh Forbes 10 cwt. rivets at 25s. 6d. for net cash at 1 month	12	15	0
21.		Paid wages	4	5	0
22.	15	Received of Hy. Poole, Smyrna, account sales and sight draft	750	6	8
23.		Received of William Wright, cheque	280	0	0
24.	16	Paid John Kerr	100	0	0
		Discount allowed by him	2	5	6
25.	17	Paid water rate	2	12	6
26.		Received Western Steel Company's cheque for commission	8	15	0
27.	18	Retired under discount acceptance given to Sims & Co., 2nd inst, for	768	10	0

			£	s	d
28 & 29.	Jan. 19	Sold William Wright for 3 months' bill, 100 tons bars at £8 10s. net	850	0	0
30.	20	Paid wages	4	5	0
31.	22	Bought of Western Steel Company, 40 tons sleepers at £7 10s.... ..	300	0	0
32.		Paid cheque, less 2½ per cent. allowed...	292	10	0
33.	23	Paid poor rates	5	3	4
34.	25	Paid acceptance due this day No. 43 ...	281	10	0
35.		Received of Henry Dale, cheque on account	150	0	0
36.	26	Paid Jones & Young	40	15	0
		Discount allowed	1	2	0
37.	27	Received of Trustee of Thomas King, first and final dividend of 19s. in the £	262	2	5
38.		Debited loss hereon to Henry Fox's separate account... ..	13	15	11
39.		Paid wages	4	5	0
40 & 41.	29	Received account sales, sight draft, and Stock Account from Henry Poole, Smyrna consignment	420	0	0
42.	30	Paid plumber's account, warehouse roof	2	1	9
43.		Paid acceptance No. 44, due this day ...	250	0	0
44.	31	Paid clerk's salary	12	10	0
45.		Debited depreciation of premises and furniture	5	0	0
46.		The stock-in-trade, being taken this day, was found to be as follows :—			

tons cwt. qrs.

68	5	0	Angles at £8	... £546	0	0
80	0	0	Bars at £7 15s.	... 620	0	0
8	0	0	Fish-plates at £7 10s.	60	0	0
1	6	1	Rivets at £22	... 28	17	6
140	0	0	Sleepers at £7 10s.	1,050	0	0

297 11 4

£2,304 17 6

		£	s	d
47.	Value of stock on consignment, Smyrna .	338	4	6
48.	Petty expenses paid for month	4	13	8
49.	Credited Henry Fox for travelling expenses	10	0	0

All amounts for £5 or over were paid by cheque, all under that amount in cash, unless otherwise stated. All moneys received were paid into the bank the same day.

One or two of these transactions require a little explanation.

2 and 3. This item consists of two separate transactions—the purchase of goods from Sims & Co., and the payment for same (less discount) by acceptance of the bill forwarded by that firm.

8. This item, which is dealt with through the Journal, would in practice probably be entered in a “Consignments Outwards” Book, of a like character to the Sales Book.

10. Is an instance of an overcharge. It will be entered in the Purchase Returns Book and posted to the debit of Sims & Co., and to the credit of Angles Account.

14. This should be dealt with through the Journal, as the goods have not passed through Fox & Crane’s hands.

17. The Journal may be used for this also, but in practice such entries would probably be sufficiently numerous to render a special Commission Book desirable.

12, 17, 33, 42, 44, 45, 48, and 49. In practice there would be separate Nominal Accounts opened to each of these; but as the example only gives one entry to each account, it has been thought unnecessary to show all these accounts in the *pro formâ* example about to be given.

The subsidiary books required to give effect to the above transactions are now shown.

Dr.							CASH.							CONTRA.							Cr.						
No.	Date	Particulars	Fo.	Discount	Cash	Bank	No.	Date	Particulars	Fo.	Discount	Cash	Bank	No.	Date	Particulars	Fo.	Discount	Cash	Bank							
1	1913 Jan. 1	To Balance ..	24	£ ..	£ s d	£ s d	4	1913 Jan. 3	By Sims & Co. ..	15	£ s d	£ s d	£ s d														
6	" 5	" Joseph Crane, Capital	2	..	83 16 4	1,24 10 0	9	" 6	" Consignment, Smyrna.		4 1 6	..	81 0 0														
13	" 8	" Bills Receivable, No. 74	3	..	..	3,000 0 0		"	" (Freight, Ins. and Charges)	21	..	..	56 2 9										
22	" 15	" Do., No. 77	"	..	..	217 10 0	11	"	" Wages..	23	..	4 5 0													
23	"	" Consignment, Smyrna (per Hy. Poole) ..	21	..	..	750 6 8	12	" 12	" Fire Insurance	26	3 4 0	3 5 0	70 0 0												
26	" 17	" Wm. Wright	12	..	..	280 0 0	21	" 13	" Percy Bright..	17	2 5 6	4 5 0	100 0 0												
35	" 25	" Western Steel	18	..	..	8 15 0	25	" 16	" John Kerr ..	23	..	2 12 6													
37	" 27	" Co. ..	12	..	..	150 0 0	27	" 17	" Water Rate ..	26	..	..													
	"	" Henry Dale ..	13	..	..		30	" 18	" Bills Payable, No. 46	4	11 10 0	4 5 0	768 10 0												
41	" 29	" King (First & final dividend 198. in the £)	11	..	..	262 2 5	32	" 20	" Wages ..	23	..	..	292 10 0										
	"	" Consignment, Smyrna (per Hy. Poole) ..	21	..	..	420 0 0	33	" 22	" Western Steel Co. ..	18	7 10 0	..	5 3 4												
	" 31	" Discounts received ..	22	29 13 0	..		34	" 23	" Poor Rates ..	26	..	..	281 10 0												
							36	" 25	" Bills Payable, No. 43	4	1 2 0	4 5 0	40 15 0														
							39	" 26	" Jones & Young	16	..	..													
							42	" 27	" Wages ..	23	..	2 1 9															
							43	" 30	" Repairs to Warehouse	26	..	..													
							44	"	" Bills Payable, No. 44	4	..	..	250 0 0												
							48	" 31	" Clerk's Salary	26	..	..	12 10 0												
								"	" Petty Expenses	"	..	4 13 8															
								"	" Balance carried down..	c 1	..	36 3 5	5,042 0 6														
											£ 29 13 0	85 16 4	7,000 1 7														
	Feb. 1	To Balance down	c 1	..	56 3 5	5,042 0 6																					

SALES BOOK.

See page 97.

PURCHASE BOOK.

See page 96.

PURCHASE RETURNS BOOK.

There is only one entry to be made in this book, namely, transaction No. 10; the form is as follows:—

PURCHASE RETURNS for the month of *January 1913.*

Weight	No. of Credit Note	Name	Fo.	Total	Angles	Bars	Fish- plates	Rivets	Sleep'rs
T. C. Q.		—6—		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1 15 0	1	Sims & Co.	15	13 13 0	13 13				
1 15 0				£13 13 0	£13 13 0				
					Fo.				

JOURNAL.

The Journal will be as follows:—

JOURNAL, 1913.		Dr.		Cr.	
			£ s d		£ s d
2 Jan. 2	Sims & Co 15	20 0 0			
	To Discount Account 22	..		20 0 0	
	Being 2½% off their invoice of this date against Bills payable No. 46.				
8 Jan. 6	Consignment at Smyrna 21	640 0 0			
	To Angles Account 5	..		640 0 0	
	For 80 tons Angles shipped to Hy. Poole, this day.				
14 Jan. 10	Joseph Ball 10	490 0 0			
	To Western Steel Co. 18	..		490 0 0	
	For 70 tons steel rails @ £7 per ton, sold Ball on Comm.				
16 Jan. 11	Western Steel Company 18	400 0 0			
	To Bills receivable 3	..		490 0 0	
	For Bill No. 70, endorsed and handed over to them this day				
17 Jan. 11	Western Steel Company 18	8 15 0			
	To Commission Account 26	..		8 15 0	
	For our comm. on the preceding @ 2½ per ton.				
38 Jan. 27	Hy. Fox, Capital Account 1	13 15 11			
	To Thomas King 11	..		13 15 11	
	Being the loss experienced by his failure, charged against Mr. Fox, who guaranteed all book debts.				
45 Jan. 31	Depreciation of Premises and Furniture .. 26	5 0 0			
	To Freehold Premises Account .. 20	..		5 0 0	
	Being the amount written off for depreciation @ (say) 3½ per cent. per annum.				
Jan. 31	Travelling Expenses 26	10 0 0			
	To Hy. Fox, Capital Account .. 1	..		10 0 0	
		<u>£1,677 10 11</u>		<u>£1,677 10 11</u>	

It will be observed that the "closing" entries are not journalised in this example, in accordance with the usual (but perhaps not altogether commendable) practice of business houses.

BILLS RECEIVABLE BOOK.

See page 78.

BILLS PAYABLE BOOK.

See page 81.

Before proceeding to the following chapter, the student is recommended to carefully study the entries in the seven subsidiary books (the number against each entry will be seen to refer to the number set against the respective transaction), and to master the reason for—and effect of—each entry : then independently to prepare similar books, using the transactions as his sole guide, and to post the Ledger.

QUESTIONS ON CHAPTER X.

1. What are the two usual methods of opening a new Ledger?
2. How would you deal with an overcharge upon goods purchased?
3. How would you enter goods sold on commission?
4. What are the subsidiary books usually kept by a trader?
5. What class of transactions is usually recorded in each?
6. What is the advantage of employing any subsidiary book beyond the Journal?

XI.—TRANSACTIONS OF FOX & CRANE *(continued)*.

Trial Balance—Closing the Ledger.

THE student who has taken the trouble to post up the Ledger of Fox & Crane will find that their Trial Balance on the 31st January is as follows :—

TRIAL BALANCE, 31st January 1913.

	Dr.			Cr.			Dr.			Cr.		
	£	s	d	£	s	d	£	s	d	£	s	d
1. Henry Fox, Capital ..	13	15	11	7,658	13	9	..	..	..	7,644	17	10
2. Joseph Crane, do. ..	..	..	..	3,000	0	0	..	..	..	3,000	0	0
3. Bills Receivable ..	2,140	7	6	894	7	6	1,246	0	0	..	..	..
4. Bills Payable ..	1,311	10	0	1,452	6	8	..	..	..	140	16	8
5. Angles ..	1,200	0	9	653	13	0	546	7	0	..	..	..
6. Bars ..	1,550	0	0	1,030	0	0	520	0	0	..	..	..
7. Fish-plates ..	150	0	0	96	0	0	54	0	0	..	..	..
8. Rivets ..	39	17	6	12	15	0	27	2	6	..	..	..
9. Sleepers ..	1,050	0	0	..	..	..	1,050	0	0	..	..	..
10. Joseph Ball ..	548	19	0	490	0	0	58	19	0	..	..	..
11. Thos. King ..	275	18	4	275	18	4	..	..	..	..	..	..
12. William Wright ..	1,135	9	9	1,130	0	0	5	9	9	..	..	..
13. Henry Dale ..	358	10	0	150	0	0	208	10	0	..	..	..
14. Hugh Forbes ..	108	15	0	96	0	0	12	15	0	..	..	..
15. Sims & Co. ..	898	14	6	885	1	6	13	13	0	..	..	..
16. Jones & Young ..	41	17	0	41	17	0	..	..	..	..	..	..
17. Percy Bright ..	73	4	9	73	4	0	..	..	..	..	..	..
18. Western Steel Co. ..	798	15	0	798	15	0	..	..	..	..	..	..
19. John Kerr ..	102	5	6	102	5	6	..	..	..	..	..	..
20. Freehold Premises ..	1,740	0	0	5	0	0	1,735	0	0	..	..	..
21. Consignment (Smyrna) ..	1,376	2	9	1,170	6	8	205	16	1	..	..	..
22. Discounts ..	..	..	..	49	13	0	..	..	..	49	13	0
23. Wages ..	17	0	0	..	..	..	17	0	0	..	..	..
26. Profit and Loss ..	45	6	3	8	15	0	36	11	3	..	..	..
21. Cash at Bank ..	5,042	0	6	..	..	..	5,042	0	6	..	..	..
" do. in hand ..	56	3	5	..	..	..	56	3	5	..	..	..
	£20,074	11	11	£20,074	11	11	£10,835	7	6	£10,835	7	6

In closing these books and preparing a Profit and Loss Account and Balance Sheet, attention must be first directed to the six Trading Accounts, Nos. 5, 6, 7, 8, 9, and 21. It has been already explained (page 93) that, "*in motion*" the Trading Account is a Composite Account—partly Real and

partly Nominal—the balance . . . being compounded of the value of the stock and the profit earned on the sales.” This balance is the amount now appearing in the Trial Balance, and the first step should be to separate this balance into—

(a) The debit balance of the Real Account (*i.e.* the value of the stock), and

(b) The credit balance of the Nominal Account (*i.e.* the profit on the sales).

The value of the stock might, in the present example, be arrived at by pricing out the difference between the Dr. and Cr. *weight columns* at cost price; but in practice the quantity of stock in hand would always be verified by actual enumeration, and the *pro formâ* example gives the amount of stock in each department.

I. If the value of the stock exceed the debit balance of the Trading Account, the difference is the *profit* on sales.

II. If the value of the stock be less than the debit balance of the Trading Account, the difference is the *loss* on sales.

III. If the Trading Account shows a credit balance, the profit on sales will be the sum of such balance *plus* the value of the stock.

Expressed in algebraical formulæ these three possible contingencies appear as follows:—

Let B represent the debit balance of Trading Account, (−B) the credit balance thereof, V the value of the stock, P the profit on sales, and (−P) the loss on sales.

I. Then $B = V - P \therefore B + P = V \therefore P = V - B$.

II. Then $B = V - P \therefore B - V = -P = (-P)$.

III. Then $(-B) = V - P \therefore (-B) - V = -P \therefore B + V = P$.

In any case, therefore, the amount of the profit (or loss) on sales may be readily computed; the next step is to debit Trading Account and credit Profit and Loss with all profits, and credit Trading Account and debit Profit and Loss with all losses. We have now eliminated the nominal element from these Trading Accounts, and the balances to their respective debits represent the value of stocks on hand.

The next step is to transfer the Nominal Accounts proper to Profit and Loss, and in doing so we shall require to see that they completely record the transactions under their respective heads.

Discounts.—In this account we find that the debit has not yet been taken for £4 10s. to be allowed to Henry Dale, under transaction No. 5. This discount will not be allowed unless punctual payment be made, and it is, therefore, inexpedient to credit Dale's account with the amount; still the £4 10s. is a charge against this month's profits, and, accordingly, we must transfer to the credit of Profit and Loss Account £45 3s.—not £49 13s. as shown in the Trial Balance.

This leaves a balance of £4 10s. to the credit of Discount Account, which may be brought down on that account as a liability; but a more scientific method is to pass a Journal entry as follows :—

		£	s	d	£	s	d
Jan. 31	Discounts Account	22	4	10	0		
	To Suspense Account	25				4	10
	For Outstanding Discounts on this date, viz. :—						
	Henry Dale, <u>£4 10 0</u>						

The *Suspense Account*, to which the reader is now introduced for the first time, is a Personal Account—the full meaning of the title being “Sundry Debtors and Creditors for various Assets and Liabilities carried forward.”

Strictly speaking, almost all Nominal Accounts would, in practice, require the co-operation of the Suspense Account : thus :—

(a) Wages are only paid up to the 27th January, 4 days' wages—say £2 5s.—are due, and should be debited to Wages Account and credited to Suspense Account.

(b) Fire insurance, water-rate, and poor-rate have been paid in advance ; Suspense Account should be debited, and these accounts respectively credited with the proportion still unexpired.

(c) Other items outstanding, *e.g.* taxes, gas, and general rates, would also require to be brought into account by debiting the various Nominal Accounts, and crediting Suspense Account, with the proportion properly chargeable to this month.

As, however, these points would illustrate no new principle, they are omitted from the *pro formâ* accounts to avoid undue complication.

All the Nominal Accounts have now been focussed into the Profit and Loss Account, which, accordingly, shows a credit balance of £231 8s. 2d., being a net profit on the month's trading. This sum must be divided between the two partners in the proportions mutually agreed upon, crediting each partner's Capital Account with the amount of his share. It still remains to bring down the balances of the Real and Personal Account, and prepare the Balance Sheet.

The Ledger—thus completed—will then appear as follows :—

MESSRS. FOX AND CRANE'S LEDGER.*

Dr.				HENRY FOX, CAPITAL ACCOUNT.				Cr.			
1913			£ s d	1913			£ s d				
Jan. 27	To Thos. King ..	j 1	13 15 11	Jan. 1	By Balance ..	1 24	7,648 13 9				
31	" Balance down	1	7,830 19 0	31	" Travelling Expenses	j 1	10 0 0				
				"	" Profit and Loss A/c..	1 26	186 1 2				
			<u>£7,844 14 11</u>				<u>£7,844 14 11</u>				
				Feb. 1	By Balance ..	1	7,830 19 0				

Dr.				JOSEPH CRANE, CAPITAL ACCOUNT.				Cr.			
1913			£ s d	1913			£ s d				
Jan. 31	To Balance down	2	3,045 7 0	Jan. 1	By Cash ..	1	3,000 0 0				
				31	" Profit and Loss A/c ..	1 26	45 7 0				
			<u>£3,045 7 0</u>				<u>£3,045 7 0</u>				
				Feb. 1	By Balance ..	2	3,045 7 0				

Dr.				BILLS RECEIVABLE ACCOUNT.				Cr.			
1913			£ s d	1913			£ s d				
Jan. 1	To Balance	1 24	704 7 6	Jan. 5	By Cash, No. 74	1	186 17 6				
31	" Sundries ..	bb 26	1,436 0 0	8	" do. No. 77	"	217 10 0				
				10	" Western Steel Co...	j 1	490 0 0				
			<u>£2,140 7 6</u>	31	" Balance down	3	1,246 0 0				
							<u>£2,140 0 0</u>				
Feb. 1	To Balance ..	3	1,246 0 0								

Dr.				BILLS PAYABLE ACCOUNT.				Cr.			
1913			£ s d	1913			£ s d				
Jan. 18	To Cash and Discount, No. 46	1	780 0 0	Jan. 1	By Balance ..	1 24	672 6 8				
25	" Cash and Discount, No. 43	"	281 10 0	31	" Sundries ..	bb 15	780 0 0				
30	" Cash and Discount, No. 44	"	250 0 0								
31	" Balance down	4	140 16 8				<u>£1,452 6 8</u>				
			<u>£1,452 6 8</u>								
				Feb. 1	By Balance ..	4	140 16 8				

*The folio references here are to the book of first entry from which the items have been posted. When (as here) certain items pass through no book of first entry the folio reference is to the Ledger Account where the contra item appears.

5 *Dr.* TRADING ACCOUNT—ANGLES.*Cr.*

1913 Jan. 1 31	To Balance " Sundries	L. 24 P. 1	t. c. q. 50 0 0 100 0 0	£ s d 400 0 0 800 0 0	1913 Jan. 6 31	By Consignment " Sundries " Profit & Loss A/c Balance (Stock on hand)	J. 1 P. R. 1 L. 26 5	t. c. q. 80 0 0 1 15 0 .. 68 5 0 150 0 0	£ s d 640 0 0 13 13 0 7 0 546 0 0 £1,200 0 0
Feb. 1	To Balance	5	68 5 0	546 0 0					

6 *Dr.* TRADING ACCOUNT—BARS.*Cr.*

1913 Jan. 1 31	To Balance " Profit & Loss A/c	L. 24 L. 26	t. c. q. 200 0 0 ..	£ s d 1,550 0 0 100 0 0	1913 Jan. 31	By Sales .. " Balance (Stock on hand) ..	S. 1 6	t. c. q. 120 0 0 80 0 0 200 0 0	£ s d 1,030 0 0 620 0 0 £1,650 0 0
Feb. 1	To Balance	6	80 0 0	620 0 0					

7 *Dr.* TRADING ACCOUNT—FISH-PLATES.*Cr.*

1913 Jan. 1 31	To Balance " Profit & Loss A/c	L. 24 L. 26	t. c. q. 20 0 0 ..	£ s d 150 0 0 6 0 0	1913 Jan. 31	By Sundries " Balance (Stock on hand)	S. 1 7	t. c. q. 12 0 0 8 0 0 20 0 0	£ s d 96 0 0 60 0 0 £156 0 0
Feb. 1	To Balance	7	8 0 0	60 0 0					

8 *Dr.* TRADING ACCOUNT—RIVETS.*Cr.*

1913 Jan. 1 31	To Balance " Sundries " Profit & Loss A/c	L. 24 P. 1 L. 26	t. c. q. 1 4 1 12 0 ..	£ s d 26 13 6 13 4 0 1 15 0	1913 Jan. 31	By Sundries " Balance (Stock on hand)	S. 1 8	t. c. q. 10 0 1 6 1 1 16 1	£ s d 12 15 0 28 17 6 £41 12 6
Feb. 1	To Balance	8	1 6 1	28 17 6					

9		Dr.				TRADING ACCOUNT—SLEEPERS.				Cr.					
1913				t. c. q.		£ s d		1913				t. c. q.		£ s d	
Jan. 31	To Balance ..	L. 24	100	c	o	750	0	0	Jan. 31	By Balance ..					
"	" Sundries .	P. 1	40	0	0	300	0	0		(Stock on hand) ..	9	140	0	0	1,050 0 0
			140	0	0	£1,050	0	0				140	0	0	£1,050 0 0
Jan. 31	To Balance ..	9	140	0	0	1,050	0	0							

10		<i>Dr.</i>		JOSEPH BALL.		CONTRA.		<i>Cr.</i>	
1913				£ s d	1913			£ s d	
Jan. 1	To Balance ..	124	38 19 0		Jan. 10	By Bills received..	26	490 0 0	
10	" Western Steel Co. . .	11	490 0 0		31	" Balance down..	10	58 19 0	
				£548 19 0					£548 19 0
Feb. 1	To Balance ..	10	58 19 0						

11		<i>Dr.</i>		THOMAS KING.		CONTRA.		<i>Cr.</i>	
1913				£ s d	1913			£ s d	
Jan. 1	To Balance ..	124	275 18 4		Jan. 27	By Cash (per Trustees 1st and final Dividend of 19/- in the £) ..	1	262 2 5	
						" H. Fox (for balance) ..	11	13 15 11	
				£275 18 4					£275 18 4

12		<i>Dr.</i>		WILLIAM WRIGHT.		CONTRA.		<i>Cr.</i>	
1913				£ s d	1913			£ s d	
Jan. 1	To Balance ..	24	285 9 9		Jan. 15	By Cash ..	1	280 9 0	
19	" Goods ..	81	850 0 0		19	" Bills received..	26	850 0 0	
					31	" Balance down..	12	5 9 9	
				£1,135 9 9					£1,135 9 9
Feb. 1	To Balance ..	12	5 9 9						

¹³
Dr. HENRY DALE. CONTRA. Cr.

1913			£	s	d	1913			£	s	d
Jan. 1	To Balance ..	124	178	10	0	Jan. 25	By Cash	1	150	0	0
3	" Goods ..	1	180	0	0	31	" Balance down	13	208	10	0
			<u>£358 10 9</u>						<u>£358 10 0</u>		
Feb. 1	To Balance ..	13	208	10	0						

¹⁴
Dr. HUGH FORBES. CONTRA. Cr.

1913			£	s	d	1913			£	s	d
Jan. 5	To Goods ..	81	96	0	0	Jan. 5	By Bills received	b 26	96	0	0
13	" Do. ..	"	12	15	0	31	" Balance down	14	12	15	0
			<u>£108 15 0</u>						<u>£108 15 0</u>		
Feb. 1	To Balance ..	14	12	15	0						

¹⁵
Dr. SIMS & CO. CONTRA. Cr.

1913			£	s	d	1913			£	s	d
Jan. 3	To Cash and Dis-					Jan. 1	By Balance ..	124	85	1	6
	count ..	1	85	1	6	2	" Goods ..	p 1	800	0	0
"	" Bills Payable..	b 15	780	0	0	31	" Balance down	15	13	13	0
"	" Discount ..	j 1	20	0	0						
6	" Goods ..	p. r 2	13	13	0				<u>£898 14 6</u>		
			<u>£898 14 6</u>								
Feb. 1	To Balance ..	15	13	13	0						

¹⁶
Dr. JONES & YOUNG. CONTRA. Cr.

1913			£	s	d	1913			£	s	d
Jan. 24	To Cash and Dis-					Jan. 1	By Balance ..	124	41	17	0
	count ..	1	41	17	0						
			<u>41 17 0</u>						<u>41 17 0</u>		

17

Dr.

PERCY BRIGHT.

CONTRA.

Cr.

1913				1913			
Jan. 12				Jan. 12			
To Cash and Dis-	..	1	£ s d	By Balance	..	124	£ s d
count			73 4 0	Goods	..	P 1	60 0 0
			<u>£73 4 0</u>				<u>13 4 0</u>
							<u>£73 4 0</u>

18

Dr.

WESTERN STEEL CO.

CONTRA.

Cr.

1913				1913			
Jan. 10				Jan. 10			
To Commission ..	1 1		£ s d	By Joseph Ball ..	1 1		£ s d
" Bills received.	"		8 15 0	" Cash ..	1		490 0 0
" Cash and Dis-			490 0 0	" Goods..	P 1		8 15 0
count	1		300 0 0				<u>300 0 0</u>
			<u>£798 15 0</u>				<u>£798 15 0</u>

19

Dr.

JOHN KERR.

CONTRA.

Cr.

1913				1913			
Jan. 15				Jan. 1			
To Cheque and	..	1	£ s d	By Balance	..	124	£ s d
Discount			102 5 6				102 5 6
			<u>102 5 6</u>				<u>102 5 6</u>

20

Dr.

FREEHOLD PREMISES.

CONTRA.

Cr.

1913				1913			
Jan. 1				Jan. 31			
To Ba'ance	..	124	£ s d	By Depreciation..	1 1		£ s d
			1,740 0 0	" Balance down	20		5 0 0
			<u>£1,740 0 0</u>				<u>1,735 0 0</u>
Feb. 1	To Balance	20	1,735 0 0				<u>£1,740 0 0</u>

²¹
Dr. CONSIGNMENT ACCOUNT (HY. POOLE, SMYRNA).* Cr.

				1913			£ s d
1913				Jan. 1	To Balance ..	1	680 0 0
	6	"	Angles ..	11			640 0 0
	"	"	Cash (freight, &c.) ..	1			56 2 9
	31	"	Profit and Loss Account ..	126			132 8 5
							£ 1,508 11 2
Feb. 1		To Balance ..	21				338 4 6

				1913			£ s d
1913				Jan. 15	By Cash ..	1	750 6 8
	29	"	Do. ..	1			420 0 0
	31	"	Balance (Stock unsold) ..	21			338 4 6
							£ 1,508 11 2

²²
Dr. DISCOUNTS. CONTRA. Cr.

				1913			£ s d
1913				Jan. 31	To Suspense Account ..	12	4 10 0
	"	"	Profit and Loss Account ..	126			45 3 0
							£ 49 13 0
1913				Jan. 2	By Sims & Co. ..	11	20 0 0
	31	"	Sundries ..	1			29 13 0
							£ 49 13 0

²³
Dr. WAGES. CONTRA. Cr.

				1913			£ s d
1913				Jan. 6	To Cash ..	1	4 5 0
	13	"	Do. ..	"			4 5 0
	20	"	Do. ..	"			4 5 0
	27	"	Do. ..	"			4 5 0
							£ 17 0 0
1913				Jan. 31	By Profit and Loss	126	17 0 0
							£ 17 0 0

²⁴
Dr. BALANCE SHEET. Cr.

(The Opening Balance Sheet was shown on page 104.)

²⁵
Dr. SUSPENSE ACCOUNT. Cr.

				1913			£ s d
				Jan. 31	By Discounts ..	12	4 10 0

* A better method of treating Consignment Accounts is explained on page 99, but it cannot be followed here owing to want of detail in the *pro forma* problem.

26

Dr.

PROFIT AND LOSS ACCOUNT.

Cr.

1913			£	s	d	1913			£	s	d
Jan. 8	To Fire Insurance ..	C.1	3	5	0	Jan. 10	By Commission ..	J.1	8	15	0
17	" Water Rate ..	"	2	12	6	31	" Bars ..	L.6	100	0	0
23	" Poor Rate ..	"	5	3	4	"	" Fish-Plates ..	L.7	6	0	0
30	" Repairs ..	"	2	1	9	"	" Rivets ..	L.8	1	15	0
31	" Salaries ..	"	12	10	0	"	" Consignment	L.21	132	8	5
"	" Petty Cash..	"	4	13	8	"	" Discounts ..	L.22	45	3	0
"	" Depreciation ..	J.1	5	0	0						
"	" Travelling Ex-										
"	penses ..	"	10	0	0						
"	" Angles Account ..	L.5	0	7	0						
"	" Wages ..	L.23	17	0	0						
"	" Net Profits, viz.:*										
	£ s d										
	Hy. Fox .. 186	L.1	1	2							
	J. Crane .. 45	L.2	7	0							
			231	8	2						
			£294	1	5				£294	1	5

27

Dr.

BALANCE SHEET.

Cr.

1913			£	s	d	1913			£	s	d
Jan. 31	To Henry Fox (Capital)	L.1	7,830	19	0	Jan. 31.	By Freehold Premises	L.20	1,735	0	0
"	" Joseph Crane (Do.)	L.2	3,045	7	0	"	Stock-in-Trade, viz.:				
"	" Bills Payable ..	L.4	140	16	8	"	Angles .. £546	L.5	0	0	
"	" Suspense Account	L.25	4	10	0	"	Bars .. 620	L.6	0	0	
						"	Fish-Plates 60	L.7	0	0	
						"	Rivets .. 28	L.8	17	6	
						"	Sleepers 1,050	L.9	0	0	
						"	" Consignment at		2,304	17	6
						"	Smyrna ..	L.21	338	4	6
						"	Joseph Ball ..	L.10	58	19	0
						"	William Wright ..	L.12	5	9	9
						"	Henry Dale ..	L.13	208	10	0
						"	Hugh Forbes ..	L.14	12	15	0
						"	Sims & Co. ..	L.15	13	13	0
						"	Bills Receivable ..	L.3	1,246	0	0
						"	Cash at Bank ..	C.1	5,042	0	6
						"	Cash in hand ..	"	36	3	5
			£11,021	12	8				£11,021	12	8

* Partners' shares of profits have been transferred to their respective Capital Accounts. See, however, page 89.

It is usual for each partner to be supplied with a book containing copies of the Balance Sheets and Profit and Loss Accounts, signed by both partners and the auditor.

The following would represent such a book in the present example, and it may be added that the forms here shown would—in practice—be those adopted in the firm's Ledger.

BALANCE SHEET, 31st January 1913.

LIABILITIES.		£	s	d	ASSETS.		£	s	d
Henry Fox—Capital Account	7830 19 0	Freehold Premises (<i>Less</i> Depreciation) ..	..	..	..	1,735 0 0
Joseph Crane—Capital Account	3,045 7 0	Stock-in-Trade (at cost), viz.:	..	..	..
Bills Payable	140 16 8	Angles ..	..	546 0 0	..	
Suspense Account	4 10 0	Bars ..	..	620 0 0	..	
					Fish-plates ..	..	60 0 0	..	
					Rivets ..	..	28 17 6	..	
					Sleepers ..	..	1,050 0 0	..	
									2,304 17 6
					Consignment at Smyrna (valued at)	..	..	..	338 4 6
					Book Debts (as per Schedule) ..	..	..	..	299 6 9
					Bills Receivable ..	..	..	..	1,246 0 0
					Cash—At Bank ..	..	5,042 0 6	..	
					In hand ..	..	56 3 5	..	
									5,008 3 11
									<u>£11,021 12 8</u>

LAWRENCE R. DICKSEE,
Chartered Accountant.
28th February 1913.

HENRY FOX,
JOSEPH CRANE.

ACCOUNTS OF CONSIGNEES.—The best way of showing the method adopted by consignees for recording their transactions with, and on behalf of, their principals will be to reproduce here the accounts of Henry Poole, of Smyrna, relative to the consignments of Fox & Crane, already mentioned.

From Poole's point of view, the facts are as follows :—

(1) On 1st January 1913 he held 85 tons of angles on consignment from Fox & Crane, valued at £680.

(2) On 8th January 1913 he sold 80 tons to the Junction Engineering Co., Lim., for £800, earning thereby a commission of £40.

(3) On the same date he spent on carriage, &c., £9 13s. 4d.

(4) On the same date he remitted Fox & Crane a bill at sight for £750 6s. 8d.

(5) On 14th January he received a further consignment of 80 tons, valued at £640.

(6) On 20th January he sold 42 tons 14 cwt. 98 lb. for £444 os. 3d., earning thereby a commission of £22 4s.

(7) On the same date he spent on various items £1 16s. 3d.

(8) On 22nd January he remitted Fox & Crane a bill at sight for £420.

(9) On 31st January he had on hand 42 tons 5 cwt. 14 lb., valued at £338 4s. 6d.

He deals with these items thus :—

(1) He debits (by means of a Journal entry) "Consignment from Fox and Crane Account" with the value of the goods received from them, and credits "Fox and Crane, for Consignment Account," therewith. The same procedure holds good for (5).

(2) He debits the Junction Engineering Co., Lim., with £800, and credits "Consignment, &c., Account" therewith—probably also by means of the Journal, but perhaps by means of a "Consignment Sales Book." The same procedure holds good for (6). In each case he makes a Journal entry for his commission, debiting "Fox & Crane, &c., Account," and crediting a nominal account called "Commission Account."

(3) These expenses he posts from the credit side of his Cash the debit of "Fox & Crane, &c., Account." The same same procedure holds good for (7).

(4) This bill is either a bills payable drawn on a London agent or a bank draft. In the former case, it is entered in the Bills Payable Book, and posted to the debit of "Fox & Crane, &c., Account," and to the credit of Bills Payable Account. In the latter case it has been purchased for cash, and is treated as cash—the Cash Book entry being posted to the debit of "Fox & Crane, &c., Account." The same procedure holds good for (8).

It is usual for the consignee to furnish an "Account Sales," with each remittance. The following is the form of such an account to accompany the remittance of the 8th January:—

ACCOUNT SALES of 85 tons of Steel Angles, received per
S.S. Sultan, consigned by FOX & CRANE, of London.

1913 Jan. 8		£ s d			£ s d		
	Sold 80 tons to the Junction Engineering Co., Lim., at £10 .. .. .	..			800	0	0
	CHARGES :						
	Carriage, &c.	9	13	4			
	My Commission, at 5%	40	0	0			
					49 13 4		
	Sight Draft herewith .. .. .	..			£750	6	8
	<i>Memo : 5 tons unsold, on hand.</i>						
E. & O. E.	Smyrna, 8th January 1913 .. .. .	..				

(9) Assuming that Henry Pool wishes to balance off these accounts on the 31st January, he will proceed as follows:— In the “Consignment, &c., Account”—which has already been described as a Trading Account—he brings down, in the quantities column, the stock on hand; he then inserts in the cash columns the value of such stock; he then transfers the balance of the cash columns (which represents profit or loss, as the case may be—in this case profit), to the “Fox & Crane, &c., Account,” and rules off the latter, bringing down the balance. The *Dr.* balance of the first account represents the value of goods unsold, the *Cr.* balance of the second account the amount for which Poole is accountable to the consignors. If the two balances are equal in amount the account is square, so far as it goes; if the difference between the two shows a *Dr.* balance, Poole has either remitted in excess of the sales, or else he has not yet deducted commission or charges from his remittances (in either case, the effect being that Fox & Crane are his debtors); if the difference between the two shows a *Cr.* balance, Poole has still a remittance to make to Fox & Crane—who, at present, are his creditors.

The two accounts will appear in Poole's Ledger in the following form:—

Dr. CONSIGNMENT FROM FOX & CRANE ACCOUNT. *Cr.*

1913		t. c. lb.	£ s d	1913		t. c. lb.	£ s d
Jan. 1	To Balance	85 0 0	680 0 0	Jan. 8	By Junction		
14	" Angles ..	80 0 0	640 0 0		Eng. Co.,		
31	" Fox and				Lim. ..	80 0 0	800 0 0
	Crane,			20	" Cash ..	42 14 98	444 0 3
	profit to			31	" Balance		
	date ..	..	262 4 9		down	42 5 14	338 4 6
		165 0 0	£1,582 4 9			165 0 0	£1,582 4 9
Feb. 1	To Balance	42 5 14	338 4 6				

Dr. FOX & CRANE, FOR CONSIGNMENT ACCOUNT. *Cr.*

1913		£ s d	1913		£ s d
Jan. 8	To Sundry Expenses	9 13 4	Jan. 1	By Balance	680 0 0
"	" Commission on		14	" Angles	640 0 0
"	" Sales	40 0 0	31	" Consignment A/c	
"	" Bills to them ..	750 6 8		profit to date ..	262 4 9
20	" Sundry Expenses	1 16 3			
"	" Commission on				
"	" Sales	22 4 0			
22	" Bills to them ..	420 0 0			
31	" Balance down ..	338 4 6			
		<u>£1,582 4 9</u>			<u>£1,582 4 9</u>
			Feb. 1	By Balance	338 4 6

JOINT VENTURES are subject to a similar treatment except that all charges and expenses are debited to the first account, which thus shows the net profit or loss on the venture; this profit or loss is transferred part to the second account and part to Profit and Loss Account in the shares previously agreed upon. The above procedure holds in cases where the party concerned is managing the venture; if, on the other hand, he is not the manager, his position—for present purposes—is equivalent to that of the consignor.

QUESTIONS ON CHAPTER XI.

1. How is a Trading Account closed?
2. When closing a Ledger, how would you deal with discounts outstanding?
3. What is a Suspense Account?
4. Enumerate some of the circumstances likely to involve the use of a Suspense Account?
5. How does the process of closing a trader's Ledger differ from that of a non-trader's Ledger?
6. In the case of a firm's accounts, how would you dispose of the balance of the Profit and Loss Account?
7. Describe the method adopted by a consignee in recording transactions with his principal.
8. How would you keep the accounts relating to a joint venture?

XII.—ADJUSTMENT ACCOUNTS AND SELF-BALANCING LEDGERS.

As soon as a business begins to assume even moderate proportions it will be obvious that it is no longer possible for one bookkeeper to keep pace with the number of transactions occurring daily. As soon as it becomes necessary to employ several bookkeepers, the question of their respective duties becomes a matter for consideration. Where two bookkeepers are employed it is not unusual to find one in charge of the Ledger and Cash Book, and his assistant in charge of the various subsidiary books; there is, however, a limit to the number of Ledger Accounts that can be kept going by one Ledger clerk, and as soon as this limit has been reached a subdivision of the Ledger becomes imperative.

The first division of the Ledger is usually into three parts, viz. :—

- (1) *Sold Ledger*, comprising the accounts of trade debtors;
- (2) *Bought Ledger*, comprising the account of trade creditors; and
- (3) *General Ledger*, comprising the remaining Ledger Accounts.

In important concerns a still further subdivision becomes necessary. The Sold and Bought Ledgers are usually divided into sections of the alphabet (*e.g.* Sold Ledger A to E, Sold Ledger F to K, Sold Ledger L to R, and Sold Ledger S to Z); or, less frequently, into localities (*e.g.* Bought Ledger, Town; Bought Ledger, Country; Bought Ledger, Foreign); and the

General Ledger into Nominal Ledger (comprising the Nominal Accounts, except the Trading and Profit and Loss Accounts) and Private Ledger (comprising Capital Account, Real Accounts, Balance Sheet, Trading and Profit and Loss Accounts, &c.). The exact subdivision is, of course, a matter of convenience rather than principle, and thus it will be found that considerable variation obtains—e.g. “Bills Receivable Account” is sometimes placed in the Sold Ledger, sometimes in the Nominal Ledger, and sometimes in the Private Ledger.

It may, at this point, be mentioned that the subdivision into “Sold,” “Bought,” and “General” (or “Private,” as it is, perhaps, more usually called), is usually to be found even in comparatively small concerns. There are two reasons to be advanced in its favour: (1) The privacy of the General Ledger—which alone shows the result of the trading—may then be easily assured; and (2) the classification facilitates reference to any account that it may be required to refer to.

The attention of the student is particularly directed to the following paragraphs.

The mere fact that one Ledger is divided into two (or more) books does not *ipso facto* alter its nature.

The Ledger, as a whole, still records the double (or complete) effect of each transaction.

At any time the sum of its debits will always equal the sum of its credits.

Consequently, a Trial Balance of a set of Ledgers can always be taken by abstracting every balance; and the total of the debit balances will always equal the total of the credit balances, provided the postings are correct.

There is thus no difficulty in testing the accuracy of a set of Ledgers by extracting all the Ledger balances.

But if it be desired to test the accuracy of *one* Ledger only, or to find out in which Ledger an *error* in the Trial Balance exists, how can it be done?

Many sets of Ledgers possess no means of facilitating either of these inquiries; but yet the problem is not difficult: it consists in the employment of ADJUSTMENT ACCOUNTS which make each Ledger SELF-BALANCING.

The Adjustment Account is one of the most beautiful and artistic devices in modern bookkeeping, and no bookkeeper who understands its application would willingly dispense with the enormous advantages its introduction affords. On the other hand, in a large concern—where each Ledger clerk is responsible for the accuracy of his own Ledger—its services are simply invaluable.

For the sake of showing the precise application of the Adjustment Account it is proposed to raise *pro formâ* accounts recording the following transactions* :—

On the 1st January 1884 Jones and Smith commenced business in partnership as grocers, profits being shared equally :—

						£	s	d
Jan.	1.	Jones pays into Bank ...	...	...	...	200	0	0
	„	Smith do. ...	...	...	...	200	0	0
	8.	Paid for fixtures ...	...	...	...	50	0	0
	10.	Bought from Robinson goods value	...	...	...	287	0	0
	18.	do. Brown do. ...	...	...	...	125	0	0
	19.	Sold Clarke goods value ...	...	...	...	12	10	0
	22.	do. Dodd do. ...	...	...	...	15	7	0
	29.	do. Cowley do. ...	...	...	...	11	3	0
	31.	Sundry ready-money sales ...	...	...	...	91	7	6
Feb.	6.	Sold Ward goods value ...	...	...	...	9	8	0

*This example was set at the Intermediate Examination of the Institute of Chartered Accountants in June 1884.

					£	s	d
Feb.	9.	Received from Clarke on account ...	...	...	10	0	0
	„	Sold Dodd goods value ...	...	...	15	6	0
	13.	Bought from Robinson goods value ...	...	...	95	0	0
	21.	Received from Dodd ...	...	...	30	13	0
	28.	Sundry ready-money Sales ...	...	...	113	9	0
March	6.	Paid Robinson... ..	...	...	300	0	0
	13.	Sold Ward goods value ...	...	...	11	6	0
	15.	Sold Richardson goods value ...	...	...	13	7	3
	20.	Received from Ward ...	...	...	20	0	0
	31.	Sundry ready-money Sales ...	...	...	116	9	0
April	9.	Paid taxes ... ..	...	...	7	4	0
	17.	Sold Richardson goods value ...	...	...	11	3	0
	18.	Sundry ready-money Sales ...	...	...	43	16	3

On the 18th April 1884 Smith died. Make up the accounts of the firm to that date, the stock being taken at £167, there being £18 due for rent, and £32 8s. 7d. due to Jones for petty expenses paid by him. Assume that all receipts are paid into bank and all payments made by cheque.

For these transactions the following books are suitable :—

General Ledger,	Journal,
Bought Ledger,	Bought Book,
Sold Ledger,	Day Book,
and Cash Book.	

The Cash Book should be ruled as follows :—

CASH. CONTRA. Cr.

Date	Particulars	Fo.	Sold Ledger	General Ledger	Bank	Date	Particulars	Fo.	Bought Ledger	General Ledger	Bank
1884			£ s d	£ s d	£ s d	1884			£ s d	£ s d	£ s d
Jan. 1	To Jones, Capital	1		200 0 0	400 0 0	Jan. 4	By Fixtures	3		50 0 0	50 0 0
" 1	" Smith, do.	2		200 0 0	91 7 6	Mar. 6	" Robinson	1	300 0 0	7 4 0	300 0 0
Feb. 31	" R. M. Sales	2	91 7 6		10 0 0	Apr. 9	" Taxes	4			7 4 0
" 21	" Clarke	2	10 0 0		30 13 0						
" 21	" Dodd	3	30 13 0		113 9 0	Apr. 18	" General Ledger Ac- count	5	300 0 0	57 4 0	357 4 0
Mar. 28	" R. M. Sales	1	113 9 0		20 0 0		" B. L. Account	12	425 14 9	300 0 0	
Mar. 20	" Ward	4	20 0 0		116 9 0		" Balance down	x		468 10 9	468 10 9
Mar. 31	" R. M. Sales	1	116 9 0		43 16 3						
Apr. 18	" Do.	1	43 16 3								
"	" General Ledger Ac- count*	2	425 14 9	400 0 0	825 14 0						
"	" S. L. Account	13	300 0 0	425 14 9							
			£725 14 9	825 14 9	825 14 9				£725 14 9	825 14 9	825 14 9
Apr. 19	To Balance †	x		468 10 9	468 10 9						

*This is the total of the credit items in the "Bought Ledger" column, and is brought over to the debit side preparatory to being posted to the credit of the General Ledger (Adjustment) Account in the Bought Ledger, in the same way as the Discount totals are treated on p. 84. The total of £425 14s 9d. is dealt with upon similar lines.

†This Balance is treated as a balance in the General Ledger.

In practice it is not unusual to find separate subsidiary Cash Books (or Journals) employed for the entry of Bought Ledger and Sold Ledger Cash; when this is the case, the left-hand column upon each side of the foregoing example becomes unnecessary.

The Journal entries will be as follows:—

JOURNAL, 1884.

						£	s	d	£	s	d
Jan.	31	Purchases	..	..	..	8	412	0	0		
		To Bought Ledger Account	..	..	..	12	..		412	0	0
Jan.	31	Sold Ledger Account	..	..	..	13	130	7	6		
		To Sales..	..	..	..	9	..		130	7	6
Feb.	28	Purchases	..	..	..	8	95	0	0		
		To Bought Ledger Account	..	..	..	12	..		95	0	0
Feb.	28	Sold Ledger Account	..	..	..	13	138	3	0		
		To Sales..	..	..	..	9	..		138	3	0
March	31	Sold Ledger Account	..	..	..	13	141	2	3		
		To Sales..	..	..	..	9	..		141	2	3
April	18	Sold Ledger Account	..	..	..	13	54	19	3		
		To Sales..	..	..	..	9	..		54	19	3
April	18	Rent	..	..	..	5	18	0	0		
		To Landlord	..	..	..	7	..		18	0	0
April	18	Petty Expenses	..	..	..	6	32	8	7		
		To Jones	..	..	..	1	..		32	8	7
April	18	Trading Account	..	..	..	10	631	12	0		
		To Purchases	..	..	..	8	..		507	0	0
		„ Profit and Loss Account	..	..	..	11	..		124	12	0
April	18	Sales	..	..	..	9	464	12	0		
		To Trading Account	..	..	..	10	..		464	12	0
April	18	Profit and Loss Account	..	..	..	11	57	12	7		
		To Rent	..	..	..	5	..		18	0	0
		„ Taxes	..	..	..	4	..		7	4	0
		„ Petty Expenses	..	..	..	6	..		32	8	7
April	18	Profit and Loss Account	..	..	..	11	66	19	5		
		To Jones..	..	..	..	1	..		33	9	9
		„ Smith	..	..	..	2	..		33	9	8

Let the student post the "General Ledger" column of the Cash Book and the Journal into a General Ledger, and then close the Ledger. He will find his Balance Sheet to be as follows :—

BALANCE SHEET, 18th April 1884.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s	d		£	s	d
Jones—Capital Account ..	265	18	4	Stock-in-Trade	167	0	0
Smith (the late)—Do. ..	233	9	8	Fixtures	50	0	0
Trade Creditors, as per Bought				Book Debts, as per Sold			
Ledge	207	0	0	Ledge	38	17	3
Landlord—for Rent	18	0	0	Cash at Bank	468	10	9
	<u>£724</u>	<u>8</u>	<u>0</u>		<u>£724</u>	<u>8</u>	<u>0</u>

Turning now to the Bought Ledger. The Bought Book will be of the usual type, the various items being posted to the credit of the merchants in the ordinary way: the double-entry of the Bought Book is completed by posting the total of each month's purchases to the debit of "General Ledger Account" in the Bought Ledger. The Bought Ledger payments (first column on Cr. side of Cash Book) are posted to the debit of the various merchants: the double-entry being completed by posting the monthly total of the Bought Ledger payments (which is to be found entered on the Dr. side of the Cash Book in the "Sold Ledger" column) to the credit of "General Ledger Account" in the Bought Ledger. It will thus be seen that the Bought Ledger possesses a complete system of double-entry of its own; and, consequently, that it is "Self-balancing"—*i.e.*, a list of its balances constitutes a complete Trial Balance.

The "General Ledger Account" of the Bought Ledger is given below :—

<i>Dr.</i>				GENERAL LEDGER ACCOUNT.				<i>Cr.</i>			
1884			£ s d	1884			£ s d				
Jan. 31	To Sundries ..	1	412 0 0	Apr. 18	By Cash	1	300 0 0				
Feb. 28	" do. ..	2	95 0 0	"	" Balance down	x	207 0 0				
			<u>£ 507 0 0</u>				<u>£ 507 0 0</u>				
Apr. 18	To Balance down	x	207 0 0								

The student is recommended to prepare the Bought Book, post the Bought Ledger, and extract the Trial Balance as on the 18th April 1884.

With the Sold Ledger the same principle holds good. The items of the Day Book are posted to the debit of the various Customers' Accounts, while the total of each month's sales is posted to the credit of the "General Ledger Account." The Sold Ledger cash is posted as usual to the credit of the persons from whom it is received (a special account being raised for "Sundry Ready Money Sales"), and the total cash received is posted from the Cr. side of the Cash Book to the debit of "General Ledger Account."

It will be noticed *en passant* that the total of the "Sold Ledger" column on the Dr. side of the Cash Book balances the total of the "Bought Ledger" column on the Cr. side. The cash balance is to be considered as the balance of a General Ledger Account.

If the student goes the length of constructing the Sold Ledger he will find the Adjustment Account as follows:—

Dr.		GENERAL LEDGER ACCOUNT.						Cr.			
1884			£	s	d	1884		£	s	d	
April 18	To Cash	1	425	14	9	Jan. 31	By Sundries ..	1	130	7	6
"	" Balance down	x	38	17	3	Feb. 28	" do. ..	2	138	3	0
						Mar. 31	" do. ..	3	141	2	3
						Apr. 18	" do. ..	4	54	19	3
			£	464	12	0		£	464	12	0
						Apr. 18	By Balance ..	x	38	17	3

Turning back to the General Ledger. The principle of the General Ledger is that all trade creditors' accounts are condensed into one account (the Bought Ledger Account) and all customers' accounts are condensed into another account (the

Sold Ledger Account). Journal entries for purchases and sales are therefore made void of detail, and Cash Book entries relating to Bought and Sold Ledgers are likewise posted to total: in all other respects the method delineated heretofore obtains in its entirety.

When the principle of the Adjustment Account has once been grasped—and the foregoing description should suffice for this purpose—no difficulty will arise in the extension of its application to more complicated matters.

In Part III of this work it will be shown what an important part the Adjustment Account plays in scientific bookkeeping of the highest order.

It may be mentioned that an auditor can always *construct* an Adjustment Account, for the purpose of checking the Ledger postings—even when the system in use does not include such accounts in its scheme.

QUESTIONS ON CHAPTER XII.

1. What is the object of employing several different Ledgers?
2. Name some of the most usual subdivisions of the Ledger.
3. What is an Adjustment Account?
4. Describe its uses, and the principles governing its application.

EXAMINATION PAPERS.

I.

(Technical Schools of the County Borough of Cardiff—
Elementary Class.—April 1892.)

1. What are *Real*, *Personal*, and *Nominal* accounts? Give an example of each.

2. What is a *Debit Balance*, and what does it represent in the case of each of the three classes of accounts mentioned in the preceding question?

3. Write out a Cash Book, recording the following entries :—

			£	s	d
Jan.	1.	Balance on hand this day	...	...	114 7 9
"	"	Paid into Bank	...	...	100 0 0
"	4.	Received from William Jones	...	...	63 7 6
"	"	Allowed discount, 12s. 6d.	...	...
"	5.	Paid Taxes in cash	...	...	3 9 5
"	"	Received from J. Smith cheque	...	...	47 8 1
"	6.	Paid into Bank	...	...	100 0 0
"	"	Paid H. Robinson by cheque	...	...	118 2 9
		Discount allowed thereon, £3 17s. 3d.			

4. Prepare a Revenue Account and Balance Sheet from the following Trial Balance :—

TRIAL BALANCE.

31ST DECEMBER 1890.

	<i>Dr.</i>				<i>Cr.</i>		
	£	s	d		£	s	d
Capital Account		2,179	8	6
Cash	24			6
Bank	964			8
Sundry Investments	1,419			6
Expenses Account	39			14 5
Hopkinson & Co.		116	1	9
Dividends and Interest		151	12	10
				£2,447	3	1	
					£2,447	3	1

5. On 1st January 1892 the assets of John Brown were as follows:—Stock on hand, £406; fixtures, £150; cash at bank, £560; cash in hand, £19 5s. 2d.; owing by J. Bell, £22 16s. 9d.; and by E. Owen, £41 7s. 4d. His liabilities were:—Due to Black & Co., £169 8s. 2d.; bills payable, £150.

His transactions during the month of January were as follows:—

		£	s	d
Jan.	4th—Sold J. Bell, goods value ...	16	9	2
„	6th—Received of E. Owen, and paid into bank	40	0	0
„	„ —Allowed him discount	1	7	4
„	9th—Bought of James Young & Son, goods value	72	14	1
„	12th—Bills payable, due this day, paid by bank	150	0	0
„	15th—Sold E. Owen, goods value ...	46	0	10
	Paid Black & Co., by cheque ...	67	10	0
	They allowed discount thereon ...	1	18	2
„	18th—Received from J. Bell his accept- ance for	39	5	11
„	20th—Sold to R. Walters, goods value ...	58	3	6
„	24th—Accepted Black and Co.'s bill for...	100	0	0
„	31st—Paid sundry trade expenses ...	12	1	8
	One month's rent now due	5	0	0

Prepare the necessary accounts, take out a Trial Balance, and, assuming the stock unsold on the 31st January to be £389, close the books and prepare Balance Sheet and Profit and Loss Account.

II.

(Technical Schools of the County Borough of Cardiff—
Intermediate Class.—April 1892.)

1. A farmer starts with £2,000 in the tenancy of a farm at a rent of £600 per annum, and pays during the first year one half-year's rent, £250 for rates, £800 for wages and expenses, and £200 for the maintenance of his family. He has laid out in seed £200; in the purchase of horses, carts, and implements, £400; and cattle, £200. He has received for produce sold, £600, and for cattle sold, £240; and has, at the end of the year, produce value £820; cattle, £480; horses, carts, and implements £360; debts owing to him, £320; and cash as will appear by the Cash Account to be prepared. He owes one half-year's rent, and other debts, £110. You are asked to prepare his Profit and Loss Account and Balance Sheet, but no other accounts need be shown.

2. Explain (shortly) the terms "Bills Payable" and "Bills Receivable." Draw upon Richard Wills & Co., of Bridgwater, for £100, at three months. Write across a Bill a form of acceptance, making it payable at Lloyds Bank, Lim., London.

3. In closing a set of books on 31st December 1891 the following items have to be taken into account:—

(a) Fire Insurance, £40, was paid on 29th September.

(b) Rent for the Xmas Quarter, £50, is still unpaid.

(c) £100 provision must be made for bad debts.

(d) Smith was allowed to renew his acceptance for £750, due on 1st December, charging him £12 interest for a three months' bill.

Show, by means of Journal entries, how this may be done.

4. On 31st March 1892 Richard Evans had £149 at the bank; £16 cash in hand; £1,624 stock-in-trade; £150 fixtures; sundry debtors, £1,214; and trade creditors, £1,197. Edward Roberts agrees to join him in business, with a capital of £2,000, £500 of which is to be paid as goodwill for the half-share; but he insists that $12\frac{1}{2}$ per cent. be written off the stock, and 15 per cent. off the sundry debtors.

Show the firm's Balance Sheet on the 1st April, assuming these adjustments to have been made, and the whole of Roberts's £2,000 to have been paid into the bank.

5. Messrs. Turner & Spence commenced business in an hotel on 1st January 1891, with a cash capital £10,000 each. During the year the following items were received:—Board and attendance, £4,000; apartments, £500; wines and spirits, £560; billiards, £180; sundries, £216. £18,000 had been paid for freehold premises, £10,000 of which was allowed to remain on mortgage; the furniture had been taken over at £2,500, and £875 had been paid for the stock of wines and spirits. During the year £1,500 had been spent on provisions, &c.; £650 on other trade expenses, and £250 for a half-year's interest on mortgage to 30th June had also been paid. £870 was due to trade creditors, and the stock on hand amounted to £520.

Raise the necessary Ledger Accounts by Cash Book and Journal entries; take out a Trial Balance; write 2 per cent. off cost of premises, and $12\frac{1}{2}$ per cent. off furniture; close the Ledger; and take out a Profit and Loss Account and Balance Sheet.

III.

(Union of Lancashire and Cheshire Institutes.—April 1893.)

Journalise, and post in proper technical language and form (giving a short description), the following imaginary transactions, and make the necessary closing entries, and prepare a "Trial Balance," and compile a Profit and Loss Account and a Balance Sheet.

Up to the 31st December 1892 James Midwood carried on business as a wholesale wine and spirit merchant on his own account. In recognition of the faithful services of his traveller, David Brice, he decided to take him into partnership as and from 1st January 1893. Brice to bring in £1,000 capital, and to be entitled to one-third of the profits each year, the partnership to be carried on in the name or style of Midwood & Brice.

On the 1st January 1893 the books of James Midwood showed the position of his affairs to be as stated below : —

ASSETS.					£	s	d
Cash at Bankers ...	...	...	...	...	1,000	0	0
Cash in hand ...	...	...	...	...	50	0	0
Port Wine, 5 Pipes at £60 ...	...	...	...	...	300	0	0
Sherry, 6 Butts at £50 ...	...	...	...	...	300	0	0
Dowley & Son, debt on open account ...	...	...	...	...	450	0	0
Bills Receivable—No. 114,							
January 15th 1893, Wm. Bell & Co. ...				...	900	0	0
					<u>£3,000 0 0</u>		
LIABILITIES.					£	s	d
Hans Johnson ...	...	...	...	...	300	0	0
Thomas Buckley ...	...	...	...	...	300	0	0
Bills Payable—No. 60,							
Due January 12th 1893, J. Nooks ...				...	500	0	0
					<u>£1,100 0 0</u>		

Each partner's capital is to be credited with interest at the rate of 5 per cent. per annum before arriving at the balance of profit or loss.

During the month of January the transactions of the firm were as follows :—

		£	s	d
Jan.	1. Brice paid into Bank Account of firm his portion of capital	1,000	0	0
,,	2. Sold to Dowley & Son, 3 Pipes Port Wine for...	210	0	0
,,	3. Paid Cash for Dock Charges on 3 Pipes Port sold yesterday	8	15	0
,,	5. Bought 40 Hhds. Brandy, at £40, from E. Lintott, and gave him a Bill at 2 months, he allowing $2\frac{1}{2}\%$	1,600	0	0
,,	8. Shipped per "Annie" on Joint Account with ourselves and Harrison & Co., Liverpool, each one-half concerned, 40 Hhds. Brandy, invoiced at £50	2,000	0	0
	Received Debit Notes as below :—			
	Insurance on Brandy	31	0	0
	Dock Charges	25	0	0
	Commission to Chas. Kells & Co.	41	2	5
,,	12. Paid Dock Co. Charges by Cheque	25	0	0
	Bank advise having paid Bill No. 60 this day...	500	0	0
Jan.	12. Received Cheque crossed "not negotiable," for £1,000 from Harrison & Co., being their half-share per "Annie"	1,000	0	0
	Paid Anglo-Assurance Co., by Cheque, £31 Insurance on £2,400, @ 25% on Brandy, per "Annie," for Sydney	31	0	0
,,	15. William Bell & Co.'s Bill, No. 114, for £900, returned dishonoured	900	0	0
	Paid Cash for noting charges	0	3	6
,,	15. Sold W. Scott, 4 Butts Sherry for	270	0	0
	Received Cash, £270, for Sherry sold to W. Scott and paid to Bank	270	0	0
	Paid Cash, £11 12s., Dock Charges, on Sherry sold to W. Scott	11	12	0
,,	31. Paid Trade Charges, £15, for expenses this month	15	0	0
	Stock on hand—Port	125	0	0
	,, Sherry	110	0	0

QUESTIONS TO BE ANSWERED BY STUDENTS.

1. Midwood & Brice are desired to draw a bill on John Howie dated January 7th, 2m/d, for £110 4s. Required the form of the bill of acknowledgment when accepted by them; also how is the bill to be recorded?

2. Sheldon & Sons have given Midwood & Brice their promissory note dated February 9th, at 3m/d, payable to Midwood & Brice's order for £117 15s. Required the form, and how it is to be recorded in Midwood & Brice's books.

3. Required the proper Journal entry for the following:—Midwood & Brice settled their account with Ben Brown, which is £150, and gave him their note at 2 months, payable to his order.

4. Draw out a promissory note at 3/md, dated at the time of writing, Aaron Black's payable to Charles Dickson for £320.

5. Having discounted at the banker's Gould Davis's bill for £212 6s., we paid discount £2 3s. 8d.; how are we to enter this transaction in the Cash Book?

6. We paid Messrs. John Felt & Co., by cheque, their account £280 10s., from which they allowed us a discount of £14 os. 6d. How should this transaction be entered in our books?

IV.

(The London School of Economics and Political Science,
December 1902.)

1. Explain fully the exact difference between single-entry and double-entry bookkeeping. State what are the advantages of each. (10 marks.)

2. What is the object of preparing a Balance Sheet of an undertaking at regular intervals throughout its course? What will such a Balance Sheet show, and what are its limitations? (12 marks.)

3. A Limited Company has a branch establishment at Brighton. On 31st December 1901 the following Trial Balance of the Branch Book is forwarded to the Head Office :—

TRIAL BALANCE.

31ST DECEMBER 1901.

	£	s	d	£	s	d
Head Office				2,400	0	0
Remittances	1,200	0	0			
Sold Ledger	1,500	0	0			
Bought Ledger				500	0	0
Stock, 1st January 1901	2,000	0	0			
Purchases	6,500	0	0			
Sales				10,200	0	0
Rent	400	0	0			
Salaries	600	0	0			
Trade Expenses	500	0	0			
Bank	400	0	0			
	<hr/>			<hr/>		
	£13,100	0	0	£13,100	0	0
	<hr/>			<hr/>		

The Stock in hand on 31st December 1901 was £1,700. You are required to incorporate those transactions in the Head Office Books, showing Branch Account and Branch Trading and Profit and Loss Accounts in the Head Office Ledger; also Branch Balance Sheet. (18 marks.)

4. Explain fully *any one* system by means of which a single Ledger may be balanced separately. (12 marks.)

5. On the 1st July 1902 A. took B. into partnership. A had the following assets :—

Leasehold Premises	...	...	...	...	...	£500
Stock-in-Trade	...	...	...	...	...	800
Book Debts	...	...	...	...	...	700
Cash at Bank	...	...	...	...	...	100
						<hr/>
						<u>£2,100</u>

His liabilities (including £200 on bills payable) amounted in all to £800; B. brings in £1,500 in cash, and it is agreed that £500 of this shall be credited to A. as representing the price to be paid by B. for a half-share of the profits.

Open the books of the new firm by means of Journal entries, and show the Balance Sheet at the commencement of the partnership. (12 marks.)

6. Define (a) Capital Expenditure, (b) Revenue Expenditure, (c) Fixed Assets, (d) Floating Assets. Give one typical example of each in connection with any business with which you are acquainted. (16 marks.)

7. From the following Trial Balance, prepare Departmental Trading Accounts, general Profit and Loss Account, and Balance Sheet.

TRIAL BALANCE.

30TH SEPTEMBER 1902.

	£	s	d	£	s	d
Wm. Blackley—Capital Account...				15,000	0	0
Do. Drawings Account ...	3,000	0	0			
Sundry Debtors ...	1,200	0	0			
Sundry Creditors ...				3,000	0	0
Business Premises ...	5,000	0	0			
Furniture and Fittings ...	4,000	0	0			
Bank ...				1,700	0	0
Cash ...	300	0	0			
Stock-in-Trade 31st March 1902—						
Department A ...	2,000	0	0			
Do. B ...	4,000	0	0			
Do. C ...	3,000	0	0			
Purchases—						
Department A ...	5,800	0	0			
Do. B ...	4,000	0	0			
Do. C ...	5,000	0	0			
Wages—						
Department A ...	1,000	0	0			
Sales—						
Department A ...				8,000	0	0
Do. B ...				5,000	0	0
Do. C ...				7,000	0	0
Salaries ...	700	0	0			
Trade Expenses ...	300	0	0			
Rent, Rates, &c. ...	500	0	0			
Bad Debts ...	200	0	0			
Discounts ...				300	0	0
	£40,000	0	0	£40,000	0	0

The stock on 30th September 1902 was, Department A, £2,000; Department B, £6,000; Department C, £2,000. Provide for Depreciation of Furniture, £100; Doubtful Debts, £100; outstanding Rent, £150. (20 marks.)

V.

(University of Birmingham—First Examination for Degree
of B.Com.—June 1903.)

1. Describe shortly what you understand by double-entry bookkeeping, and state in what respects it differs from book-keeping by single entry.

2. Give an example of a Cash Book having separate columns on each side for Cash and Bank transactions, and also a discount column. Insert ten typical entries and balance the account.

3. The following balances appear *inter alia* in a Ledger on the 31st December 1902. State what you understand to be the exact meaning of each :—

- (a) Cash, Dr., £50.
- (b) Machinery, Dr., £1,000.
- (c) Wages, Dr., £5,000.
- (d) Drawings, Dr., £350.
- (e) Capital, Cr., £5,000.
- (f) Discounts, Cr., £100.
- (g) Bills payable, Cr., £1,200.

4. Record the following transactions of H. Smith in a Journal, and post the same to the proper Ledger Accounts :—

On 1st Jan. 1903 sold to W. Jones goods value £100.

On the 12th Jan. received from Jones his acceptance at 3 months for £100.

On January 13th discounted Jones's bill with my Bankers, they charging £1 4s. for the accommodation.

5. Record the same transactions in Jones's books, in so far as they affect him, and show the entries necessary to record the payment of the bill on maturity.

6. Describe shortly what you understand by the difference between expenditure on Capital Account and expenditure on Revenue Account.

7. If a trader at the end of each year makes out a Balance Sheet showing his Liabilities and Assets and Capital, but does not make out Trading Accounts or Profit and Loss Accounts, how can he ascertain what profits he has made in a year?

8. Explain the difference between Gross Profit and Net Profit.

9. On the 15th February 1903 W. Jones forwarded to Messrs. Bright & Co. on consignment goods to the nominal value of £1,000, the cost of freight, insurance, &c., being £50. On the 15th of May he received an Account Sales showing that the goods realised £1,250, subject to the Consignees' commission of 2 per cent. thereon, and expenses properly incurred by them amounting to £20.

Show the proper entries in the books of both Consignor and Consignee.

10. Prepare a Balance Sheet, Trading Account, and Profit and Loss Account for the year 1902 from the following Trial Balance taken out at 31st December 1902 :—

	Dr.	Cr.
Capital		£48,000 0 0
Freehold and Leasehold Land and Buildings	£18,975 0 0	
Fixed Plant and Machinery ...	20,000 0 0	
Purchases	15,000 0 0	
Coal, Gas, and Water	1,000 0 0	
Wages	14,000 0 0	
Bad Debts	85 0 0	

	<i>Dr.</i>	<i>Cr.</i>
Packing	450 0 0	
Rent, Rates, and Taxes	300 0 0	
Insurance	50 0 0	
Advertising	500 0 0	
Travelling Expenses	75 0 0	
Commission	60 0 0	
Repairs and Renewals of Plant and Machinery... ..	510 0 0	
Salaries	400 0 0	
Sales, Finished Goods		34,200 0 0
Do. Repairs		3,500 0 0
Sales Returns	115 0 0	
Stock at 1st January 1902	8,000 0 0	
Cash at Bank	4,000 0 0	
Cash in hand	30 0 0	
Debtors	5,150 0 0	
Creditors		3,000 0 0
	<hr/>	<hr/>
	£88,700 0 0	£88,700 0 0
	<hr/>	<hr/>

In preparing the accounts the following points must be taken into consideration :—

The Stock at 31st December 1902 is £6,000—*i.e.*, £2,000 less than at the beginning of the year.

A Depreciation at the rate of 5 per cent. per annum is to be charged on the plant and machinery.

A Reserve of £150 for Bad and Doubtful Debts is to be provided.

In addition to the £14,000 a further sum of £200 is to be charged for Wages due at the 31st December 1902, but not actually paid until after that date.

VI.

(Institute of Chartered Accountants—Intermediate Paper,
June 1903.)

1. How should the following be entered in the books of a firm, who, together with a friend A., joined half each in this speculation, viz.:—Coals bought in Newcastle for £10,000 including freight and all expenses per ss. "Edward" and ss. "Albert" to Norway. The coals realised £15,000 net; this sum was invested in timber, which, in London, realised on 31st January 1903 £17,000, after paying all expenses. A. managed the whole transaction and financed it by drawing six months' bills on the firm for £10,000, viz.: on 1st August 1902 £5,000 a/c coals per ss. "Edward," and on 12th August 1902 £5,000 a/c coals per ss. "Albert."

2. S. Coulson lent his brother William £1,000, at 5 per cent., to enable him to take a share in Silver & Co.'s business. He paid £500 for goodwill and £500 capital. His share of the profits and interest amounted in the first year to £1,200. He drew £1,000, out of which he spent £600 on living, and at the end of the year paid interest on the loan and repaid £250 of the principal. Write up William Coulson's Private Ledger, and produce the "Trial Balance."

3. A. and B. bought office property for £50,000. Each paid £10,000, and the vendor lent £30,000 on mortgage. A. and B. then each paid into their joint bank account £1,000 as working capital, and out of that paid £600 expenses of the mortgage, &c. The arrangement was that A. should collect the rents and transact all the business, he receiving two-thirds of the ultimate profit, and B. one-third. At the end of two years the property, subject to the said mortgage, was sold for £32,000, viz., as to £20,600 in cash and £11,400 in fully-paid shares of the purchasing company. During the two years

the rents and profits were exactly sufficient to meet the mortgage interest and all expenses except the above £600. A. and B. had not drawn anything.

State how the proceeds of the sale and the bank balance should be apportioned between A. and B.

4. Draft the Journal entries for the following :—

Smith and Jones converted their business into Smith, Jones & Co., Lim., with nominal capital £100,000, viz., 100,000 ordinary shares of £1 each: 99,000 were credited with 18s. per share paid up (2s. per share to be paid in three months), and 1,000 fully-paid, allotted to S. (who was to be secretary), to be paid to Smith and Jones out of his salary.

The assets were put at £100,000, viz., property and goodwill, £90,000; stock and book debts, £6,000; and cash, £4,000. The liabilities were £9,900. Smith and Jones were to have an equal number of shares each. Smith's three sons, D., T., and H., were to get an equal number of shares each, the total thereof being equal to one-half of their father's shares. Jones's two sons, John and James, were also to have shares equal to one-half their father's, but John was to have twice as many as James.

5. For purposes of preparing a statement of affairs as on 25th March 1903, how would you deal with the following account in the bankrupt's Ledger?

<i>Dr.</i>				T. DICK.	<i>Cr.</i>			
1902				£ s d	1903			
April	1	Cash	.. ..	19 3 4	March	25	Quarter's Rent	.. 25 0 0
"	4	Income Tax, one year	.. ..	5 16 8	June	24	Quarter's Rent	.. 25 0 0
June	30	Cash	.. ..	25 0 0				
Oct.	1	"	.. ..	25 0 0				
1903								
Jan.	1	"	.. ..	25 0 0				

6. ... you, as a bookkeeper, were posting the following account, or taking out the Ledger balances at 31st March 1903,

what inquiries would you make, or what books would you refer to?

<i>Dr.</i>				H. SMITH.				<i>Cr.</i>							
1902				£	s	d	1902				£	s	d		
Jan.	1	Balance	.. ..	20	0	0	Mar.	20	Cash	.. ..	14	0	0
Feb.	28	Goods	.. ..	10	0	0			Discount	.. ..	6	0	0
Mar.	21	"	.. ..	5	0	0	Mar.	10	Cash	.. ..	10	0	0
April	30	"	.. ..	7	0	0	April	10	"	.. ..	5	0	0
May	31	"	.. ..	8	0	0	May	10	"	.. ..	7	0	0
June	30	"	.. ..	4	0	0	June	10	"	.. ..	8	0	0
July	31	"	.. ..	9	0	0	July	10	"	.. ..	4	0	0
Aug.	31	"	.. ..	6	0	0	Sept.	10	"	.. ..	6	0	0
Sept.	30	"	.. ..	7	0	0	Oct.	10	"	.. ..	7	0	0
Nov.	30	"	.. ..	8	0	0	Nov.	10	"	.. ..	7	0	0
Dec.	31	"	.. ..	7	0	0	Dec.	10	"	.. ..	8	0	0
1903								1903							
Jan.	31	"	.. ..	6	0	0	Jan.	10	"	.. ..	7	0	0
Feb.	28	"	.. ..	12	0	0	Feb.	10	"	.. ..	6	0	0
				£109	0	0					£95	0	0		

XIII.

ACCOUNTS OF MANUFACTURERS.

THE distinguishing feature of manufacturers' accounts is that the goods sold are of a different kind to those purchased; that is to say, *labour* is put into the goods purchased before they are again sold. It is, therefore, no longer possible to trace the purchases into the stock, and thence outwards through the Sales Book; and consequently the check upon the sales and purchases described in a previous chapter (*vide* pages 91-93) is not applicable. If, therefore, the utmost possible benefit is to be derived from the science of bookkeeping, it becomes necessary to adapt the system of accounts to the altered condition of affairs.

As a matter of fact many manufacturers are also traders—*i.e.*, they manufacture for stock, and make their sales from stock. The accounts of such persons will therefore combine the distinctive features of both manufacturers' and traders' accounts. As manufacturers, they purchase raw materials, which they make up and sell to themselves; as traders, they buy from themselves and sell to their various customers.

It is proposed, in this and the following chapters, to direct the reader's attention to the accounts of a "pure" manufacturer, *i.e.*, one whose work consists solely of the execution of contracts; and, with this end in view, the accounts of a builder have been selected for detailed consideration.

Two reasons have suggested this selection :—

(1) The author knows of no published work that has considered these accounts in detail upon a scientific basis.

(2) The accounts of “mixed” manufacturers have already received very able treatment at the hands of other writers—notably Mr. G. P. NORTON, F.C.A., in his very excellent work upon “TEXTILE MANUFACTURERS’ BOOKKEEPING.”

Moreover, it is not anticipated that the student who has intelligently followed the earlier portion of the present work will experience any practical difficulty in combining the accounts of manufacturers and traders, where necessary.

The three most important accounts that are distinctive of manufacturers’ books are :—

- (1) Wages Account.
- (2) Stores Accounts.
- (3) Cost Accounts.

The two former are really subdivisions of the last.

WAGES ACCOUNTS.—These comprise the record of time spent by the various workers upon each contract, together with the time occupied in the immediate supervision of such workers. Each contract is under the immediate charge of a foreman, who keeps a record of the time spent by each workman thereon. In many cases a small jobbing trade will also be carried on, in addition to the contract work; and it is not unusual to group all such work together, under the head of “jobbing,” in charge of a yard foreman.

Two ends have to be served by the Wages Accounts: they serve as a voucher for the amount of wages paid, and as a record of the amount of labour expended upon each contract.

The latter may more suitably be discussed under the heading "Cost Accounts," and attention will therefore be confined for the present to the question of the payment of wages.

Each foreman will be provided with a sufficient sum of money from which to make disbursements from day to day—as, for instance, when a workman is paid off before the end of the week, or when an advance (commonly known as a "sub.") is made to the workman on account of the wages due to him. Each week the foreman sends into the office a pay-sheet, in form somewhat similar to the following :—

CONTRACT NO.....

PAY-SHEET for the Week ending.....191..

Contract at.....

Wages :	F.	S.	M.	Tu.	W.	Th.	Total	Total	At	Total	Total	Less	To pay
(Masons) ..										£ s d	£ s d	£ s d	£ s d
(Bricklayers) ..													
(Plasterers) ..													
(Joiners) ..													
(Labourers) ..													
(Foreman) ..								£			£		

Attached to this sheet is a Summary as follows :—

CONTRACT NO.....

SUMMARY OF PAY-SHEET

for the Week ending.....191..

Contract at.....

							£	s	d	£	s	d
Masons						
Bricklayers						
Plasterers						
Joiners						
Labourers						
Foreman						
Expenses, viz. :												
Materials						
Carriage						
Sundries						

These summaries, when received at the office, are collected into the "Wages Book," which is in the following form :—

For the total of the right-hand column in this book a cheque is drawn and cashed, and the amount of each foreman's summary forwarded to him; this amount will, of course, enable him to pay his week's wages and restore his petty cash balance to its former amount. If the contract is in another town it is usually convenient to remit a separate cheque, but this is merely a matter of detail. The amount of the weekly cheque, or cheques, is posted to the debit of "Wages Account" in the General Ledger—the detailed analysis being required only for the purposes of the Cost Accounts.

STORES ACCOUNTS.—Certain kinds of goods are usually kept in stock, instead of being purchased specially for each contract, and for this reason it is necessary that Stores Accounts should be kept, recording the goods issued from store for each contract.

Stores Accounts vary very much in general design. Some aim at keeping a complete record of the stores received and issued under each separate head, so that the books actually show from time to time the quantity in stock of each different article. In the case of a large and really important undertaking, this system is imperative, but with relatively small concerns it is both unnecessary and impracticable.

In such cases it will suffice if stores be issued only in exchange for properly authenticated requisitions; these requisitions being afterwards priced at the cost price of the goods (without deducting *cash* discounts), and analysed under the heads of the various contracts, upon weekly, fortnightly, or monthly sheets, similar in form to the following:—

The column to the left of the money column is for the reference to the numbers of the requisitions, which latter are filed away in numerical order, and can always readily be referred to.

A Stores Ledger is unnecessary under this system. Each contract is debited in the Cost Ledger with the monthly total of stores issued, while the grand total of the monthly analysis is passed through the General Journal to the debit of "Stores Issued Account" and the credit of "Stores Account"; as the latter account is debited with all stores purchased, through the Purchases Book, it follows that the debit balance of the "Stores Account" in the General Ledger *should* represent the actual amount of stores in stock. If at any time there is a serious deficiency it may be desirable to compare the merchant's invoices with the requisition notes, and ascertain where the discrepancy occurs; but, with proper management, such cases would be rare. For all ordinary purposes the above system will, therefore, be found both convenient and sufficient.

COST ACCOUNTS.—It is not desirable to give more than a general description of these accounts at the present time.

The principle of the Cost Ledger is as follows: all the items of income and expenditure (*i.e.*, the Nominal Accounts) are analysed under the headings of the various contracts from which they result; the account of each contract thus shows the profit or loss in which it has resulted, and a tabular summary of these accounts shows (horizontally) the profit or loss upon each contract, and also (vertically) the total income and expenditure under each head, agreeing with the Profit and Loss Account in the General Ledger (*vide* pp. 200-1).

The following is a specimen page in the Cost Ledger, showing a convenient ruling for that book:—

CONTRACT NO. 462.

WAREHOUSE AT WEST BUCKNELL

*Dr.**Quarter ending*

Wages			Materials			Plant			Stores		
Fo.	Days	£ s d	Fo.	£ s d		Fo.	£ s d		Fo.	£ s d	
16	9,000	250 0 0	87	7,500 0 0		56	500 0 0		26	500 0 0	
17	9,000	250 0 0	92	2,500 0 0					30	450 0 0	
18	9,000	250 0 0							36	500 0 0	
19	9,000	250 0 0									
20	9,000	250 0 0									
21	9,000	250 0 0									
22	9,000	250 0 0									
23	9,000	250 0 0									
24	9,000	250 0 0									
25	9,000	250 0 0									
<hr/>			<hr/>			<hr/>			<hr/>		
90,000		£2,500 0 0	£10,000 0 0			£500 0 0			£1,450 0 0		
<hr/>		<hr/>	<hr/>			<hr/>			<hr/>		

XIV.—TRANSACTIONS OF A MANUFACTURING COMPANY.

SHARE AND DEBENTURE LEDGERS, ETC.

THIS is not the proper place to enter into any lengthy explanation concerning the constitution of joint-stock companies ; but it is perhaps desirable to review briefly some of their distinguishing features, so far as may be necessary for the purpose of explaining the accounts of these undertakings.

It will be remembered that, in the case of a single individual, the amount of his capital embarked upon the venture is credited to his Capital Account, and the profits made by him are also credited to his Capital Account (as increasing the value of his interest in the undertaking, while they remain undrawn) ; and that losses and withdrawals of capital are debited to that account—thereby reducing the amount of capital remaining in the undertaking.

In the case of private firms a similar course is often adopted—a separate account being kept for each partner, so that the amount of each partner's capital may at any time readily be perceived.

In the case of a joint-stock company, the following conditions obtain :—

(1) When the company is registered the amount of its capital, called “Nominal Capital,” is fixed ; and (except under special circumstances) remains unalterable.

(2) The amount of the nominal capital is divided into a certain number of "shares" of definite value. These shares may be of different classes (*e.g.*, preference shares, ordinary shares, deferred shares), and it is not necessary that the shares belonging to different classes should be of the same face value.

(3) Shares are "allotted" by the directors to such persons as may desire to become shareholders, in response to applications received from such persons. The shares so allotted constitute the "Capital Issued," or "Capital Subscribed."

(4) Subject to the regulations of the company, the directors may call up upon the shares issued, or upon any class of shares issued, any sum not exceeding the nominal value of such shares. The total amount so collected constitutes the "Paid-up Capital."

(5) Shareholders whose "calls" are not paid up are liable (subject to the regulations of the company) to have their shares forfeited by the directors. Forfeited shares may be re-issued to other persons upon such terms as the directors may impose.

(6) No return of capital can be made upon shares, except under special circumstances (*see* "Reduction of Capital.")

(7) It is competent for directors—upon the execution of a contract in the required form, which (or particulars of which) must be filed with the Registrar of Joint Stock Companies—to accept payment for certain specified shares in kind, instead of in cash; but shares may not be issued at a discount.

(8) Out of the profits made from time to time, the company in general meeting may declare dividends among the shareholders: shares of a like class being entitled to participate equally, different classes of shares being entitled to participate in accordance with the terms upon which such classes of shares were created. Directors may, in their discretion, declare "interim" dividends on account of current profits.

(9) Shareholders cannot be called upon to pay up their share of any loss that may be made ; except indirectly, by calling up any unpaid amount upon their shares, or by withholding dividends out of subsequent profits until such loss shall have been worked off.

(10) A company may not purchase its own shares.

(11) Subject to the regulations of the company, shareholders may sell their shares—or any portion thereof—to any person, whether a shareholder or not, upon such terms as they may think proper. Some restriction upon transfers is invariably provided in the case of “ private ” companies.

These few brief notes will, it is thought, suffice to enable the reader to formulate the necessary accounts for the books of a joint-stock company.

In the first place, it is usual to keep the shareholders' accounts in a separate Ledger (this, indeed, is required by statute), and to keep merely the corresponding Adjustment Accounts in the General Ledger. It is convenient to open a separate Adjustment Account for each class of shares.

By way of exemplifying the best method of dealing with Share Accounts, we will suppose that “ Bricks & Company, Lim., ” has been registered for the purpose of acquiring the business of Messrs. Bricks & Mortar, builders and contractors, for the sum of £100,000 payable half in cash and half in fully-paid shares [*vide* paragraph (7), page 169, *ante*]; that the nominal capital of the company is £100,000 in 500 6 per cent. cumulative preference shares of £100 each, and a like number of ordinary shares of equal value; 200 preference shares and 300 ordinary shares are to be allotted to the vendors, as fully paid-up: the directors invite applications for the remaining 300 preference shares and 200 ordinary shares,

accompanied by a deposit of £10 per share; £15 per share to be payable on allotment, £25 per share on the first of the following month, and the remaining £50 per share a month later.

These applications come in in due course, and are entered in the "Applications and Allotments Book"—the ordinary and preference shares being kept separate. It is convenient to reproduce this book, *pro formâ*, at the present stage; but the student will understand that—by the time the subscription list closes—only the first seven columns will be filled in.

APPLICATIONS AND ALLOTMENTS BOOK.

(ORDINARY SHARES.)

No. of Application	Name	Address	Occupation	Number of Shares applied for	Deposit of £10 per Share	Folio	Number of Allotment Letter	Number of Letter of Regret	Shares allotted	Distinctive Numbers of Shares allotted	Due on Allotment £25 per Share	Cash received	Folio	Cash returned	1st Call of £25 per Share	Cash received	Folio	2nd Call of £50 per Share	Cash received	Folio	Total paid up	Share Ledger Fo.
1	John Abel	12 Green-st., E.C. . .	Merchant	20	200	£	1	1	..	..	1125	625	2	200	1	1125	250	2	2250	3	4500	1
2	Thomas Bowen	24 White-st., E.C. . .	Contractor	50	500	..	1	..	45	45	1125	625	2	..	..	1125	875	3	2250	3	4500	1
3	James Cloud	36 Black-st., E.C. . .	Civil Servant	10	100	..	..	2	..	..	..	1375	2	100	1	2375	2375	2	4750	3	9500	2
4	William Deeds	48 Red-st., S.W. . .	Banker	100	1000	..	2	..	95	46	2375	1375	2	..	..	1125	1125	3	2250	3	4500	3
5	Robert Eccles	60 Metal-st., E. . .	Ironmonger	50	500	..	3	..	45	141	1125	625	..	..	..	375	375	2	750	3	1500	4
6	Arthur Frank	72 Store-sq., W. . .	Gentleman	20	200	..	4	..	15	186	375	175	..	..	..	375	375	2	750	3	1500	4
				250	2500	£			200		5000	2800		300		5000	5000	10000	10000		20000	29

(PREFERENCE SHARES.)

7	Henry Green ..	5 High-st., W.C. . .	Manufacturer	100	1000	1	5	..	100	501	2500	1500	1	..	..	2500	2500	3	5000	5000	4	10000	5
8	John Hughes ..	10 Short-st., N. . .	Gentleman ..	100	1000	..	6	..	100	601	2500	1500	2	..	..	2500	2500	2	5000	5000	3	10000	6
9	Fredk. Jones ..	15 Long-st., S.E. . .	Contractor ..	100	1000	..	7	..	100	701	2500	1500	1	..	..	2500	2500	2	5000	5000	3	10000	7
10	Jacob Keen ..	20 Low-st., W. . .	Gentleman ..	10	100	..	..	3	..	..	..	..	..	100	1	..	..	2	5000	5000	3	10000	8
				310	3100	£			300		7500	4500		100		7500	7500		15000	15000		30000	30

A separate Cash Book, called the "Capital Subscribed Book," is employed to record the sums received from, and returned to, applicants for shares, and shareholders; and from this book the "Deposit of £10 per share" has been posted. Only the daily totals of the Capital Subscribed Book are entered in the "General Cash Book." If, however, the number of applications be small, the deposits, &c., may be entered in the General Cash Book in an inner column and the daily totals extended.

The directors then proceed to allot shares. There being more shares applied for than were offered for subscription, they make a selection of the applications, allotting some in full, some in part, and declining others altogether. Upon reference to the "Shares allotted" column it will be seen that the applications of John Able, James Cloud, and Jacob Keen are declined and the deposits returned, while a reduced number of shares is allotted to Thomas Bowen, William Deeds, Robert Eccles, and Arthur Frank; the shares applied for by Henry Green, John Hughes, and Frederick Jones being allotted in full.

The allotment being settled, distinctive numbers are assigned to the shares held by each shareholder, as shown in the column provided for that purpose.

The next thing to be done is to forward "Letters of Allotment" to each shareholder, intimating that so many shares have been allotted to him and that so much is due thereon. These letters make the allotment binding and bear a sixpenny stamp if they represent shares of a face value of £5 or upwards, and a penny stamp if below that amount. "Letters of Regret" are sent to those whose applications have been declined, enclosing cheques for the amounts of their respective deposits. In practice it is usual to provide a column in the Applications and Allotments Book for the serial numbers of both Allotment Letters and Letters of Regret.

It will be noted that, where a lesser number of shares have been allotted than were applied for, the excess paid upon application is not repaid to the applicant, but applied in reduction of the amount due upon allotment.

As the amounts due upon allotment and in payment of calls are received, they are entered in the Capital Subscribed Book, and thence posted to the Applications and Allotments Book, as shown in the foregoing example.

In these *pro formâ* accounts, the whole amount of shares is called up within two months of the date of allotment; and, in such a case, it is convenient to deal with the calls through the Applications and Allotments Book, as here shown, transferring the various accounts to the Share Ledger, after the shares have been fully paid up. The folio upon the extreme right in the above example records this transfer, the "Total amount paid up" in the previous column being the cross-total of the sixth, thirteenth, eighteenth, and twenty-first columns.

If it had been decided not to call up the whole amount of the capital subscribed for, the amounts transferred from the Applications and Allotments Book to the Share Ledger would, of course, have been the actual amounts called up, whatever they were; the amounts received in payment of any subsequent call being posted to the Share Ledger, instead of to the Applications and Allotments Book.

It may be remarked, at this stage of the proceedings, that the allotment of fully paid shares to the vendors would also be recorded in the Applications and Allotments Book, but it is convenient to record the allotments of fully paid up shares to vendors and their nominees upon a separate page from the general applications.

The totals of the "Total paid up" columns are posted to an Adjustment Account (or to two Adjustment Accounts—one for ordinary and one for preference shares) in the Share Ledger, completing the double-entry of that Ledger and forming a connecting link with the General Ledger.

The following example shows the account of Robert Bricks upon folio 8 of the Share Ledger. It will be seen that he is credited with 150 fully paid-up ordinary shares (posted from folio 2 in the Applications and Allotments Book), and with 100 fully paid preference shares (posted from folio 3 in the same book). He is likewise debited with 20 and 50 ordinary shares which he has disposed of, the entry being posted from folio 1 in the "Register of Transfers," also shown below :—

REGISTER OF TRANSFERS (ORDINARY SHARES).

Date when Transfer lodged	No. of Transfer	No. of Certificates received.	Transferor's		Shares transferred			Total Amount paid up	Nos. of Certificates		Consideration	Transfer passed		Transferee's				
			Name	No of Shares	No of Shares	Distinctive Numbers	To		To Transferee	To Transferor for Balance		Date	No. of Minute	Register Fo.	Name	Address	Occupation	
1913								£			£	1913						
Jan. 30	1	8	8	R. Bricks ..	20	201	220	2,000	£	10	11	2,010	Feb. 5	42	10	John Abel ..	12 Green Street, E.C.	Merchant
"	2	"	"	Do. ..	50	221	270	5,000		12	"	5,025	"	"	11	Jas. Cloud ..	36 Black Street, E.C.	Civil Servant

New accounts have therefore to be opened in the Share Ledger for John Able and for James Cloud ; and, upon reference to the *pro formâ* Register of Transfers, it will be seen that 20 shares have been posted to Able's credit on folio 10 in the Ledger, and 50 shares to Cloud's credit upon folio 11.

Transfers of preference shares are best recorded in a separate register, but sometimes the same register is used and an additional column inserted before the " No. of shares transferred," in which the class of shares is noted.

DEBENTURES.—Suppose that Messrs. Bricks & Co., Lim., have invited applications for 100 debentures of £500 each. For an exact definition of the word " debenture " the student is referred to a legal text-book, but it will suffice for our present purpose if he regards debenture-holders as a sort of preferential creditor, to whom bonds are issued in much the same way as shares are issued to shareholders.

For the sake of variety, it is assumed that no deposit is asked upon applications for debentures, but that the whole amount is payable upon allotment. The Applications and Allotments Book then assumes the following more simple form :—

APPLICATIONS AND ALLOTMENTS BOOK (DEBENTURES).

No. of Application	Name	Address	Occupation	No. of Debentures applied for	No. of Allotment Note	No. of Debenture allotted	Distinctive Nos. of Debenture allotted		Due on Allotment	Cash Received	Folio	Debenture Ledger Folio
							From	To				
1	John Abel ..	12 Green St., E.C. ..	Merchant ..	20	1	20	1	20	£ 10,000	£	2	1
2	Robert Bricks ..	1 Box St., E... ..	Contractor ..	25	2	20	21	40	10,000	10,000	2	2
3	William Deeds ..	48 Red St., S.W. ..	Banker ..	20	3	20	41	60	10,000	10,000	2	3
4	Jacob Keen ..	20 Low St., W. ..	Gentleman ..	20	4	20	61	80	10,000	10,000	3	4
5	James Mortar ..	1 Box St., E... ..	Contractor ..	25	5	20	81	100	10,000	10,000	3	5
6	Isaac Nathan ..	12 Water St., E.C. ..	Financier ..	20	—	—	—	—	—	—	—	—
				130		100			£ 50,000	£ 50,000		

The forms of the Debenture Ledger and the Register of Transfers of Debentures do not materially differ from the forms shown above for the use of shares.

Sometimes redeemable debentures are issued—*i.e.*, debentures due for repayment at the end of a certain specified time, or upon a specified notice. A convenient way to deal with these redemptions is through a Register of Redemptions, somewhat similar to the Register of Transfers, through which the debenture-holder's account is debited, and the Adjustment Account credited.

Debentures may be issued at a discount, or at a premium. In either case the nominal amount of such debentures is the amount recorded in the Debenture Ledger; the General Ledger entries are made as shown on pages 183, 189, and 230.

XV.—TRANSACTIONS OF A MANUFACTURING COMPANY

(*continued*).

GENERAL AND TRADE LEDGERS.

To turn to the trade books. Let it be supposed that the company takes over the land, buildings, plant, machinery, stock, book debts, and contracts in progress, of the vendors ; paying therefor the sum of £100,000 : viz., £50,000 in cash, £20,000 in preference shares, and £30,000 in ordinary shares. The assets taken over are valued as follows :—

Freehold and Leasehold Lands and Buildings...	£20,000
Plant and Machinery... ..	15,000
Stores on hand	10,000
Book Debts	5,000
Contracts in progress	25,000
The amount paid for Goodwill is thus	25,000
	<hr/>
	£100,000
	<hr/>

The whole of the share capital (£100,000, in 500 six per cent. preference shares of £100 each, and 500 ordinary shares

of £100 each) has been allotted, and the whole amount called up in accordance with the terms of the prospectus. The student is invited to compare these transactions with the following Journal entries, which are designed to complete the opening of the General Ledger :—

(1)

JOURNAL 1913		Dr.	Cr.
1 JANUARY.		£ s d	£ s d
Shareholders' Account	3	12,500 0 0	
To Preference Shares Capital Account ..	1	..	7,500 0 0
" Ordinary " " " " ..	2	..	5,000 0 0
Being the amount due upon the allotment of 300 Preference Shares and 200 Ordinary Shares @ £25 per share, allotted at Board Meeting held this day.			
<hr/>			
Bricks & Mortar	4	50,000 0 0	
To Preference Shares Capital Account ..	1	..	20,000 0 0
" Ordinary " " " " ..	2	..	30,000 0 0
Being an allotment of 200 fully-paid Preference Shares and 300 fully-paid Ordinary Shares, allotted to vendors in part payment of purchase-money in accordance with agreement dated 1st December last, and allotted at Board Meeting held this day.			
<hr/>			
Freehold and Leasehold Lands and Buildings	7	20,000 0 0	
Plants and Machinery	8	15,000 0 0	
Stores	9	10,000 0 0	
Contract Ledger (book debts)	10	5,000 0 0	
Sundry Debtors for contracts in progress ..	11	25,000 0 0	
Goodwill	12	25,000 0 0	
To Bricks & Mortar	4	..	100,000 0 0
For sundry assets purchased by company in accordance with agreement dated 1st December last, adopted by the Board at their meeting this day.			
<hr/>			
Carried forward ..	2	162,500 0 0	162,500 0 0

(2)

JOURNAL.

Dr.

Cr.

		£	s	d	£	s	d
Brought forward ..	1	162,500	0	0	162,500	0	0
Debenture-holders' Account	5	50,000	0	0			
To Debentures Account	6				50,000	0	0
Being 100 four per cent. debentures of £500 each issued at Board Meeting held this day, and payable in full on 16th January next ..							
1 FEBRUARY.							
Shareholders' Account	3	12,500	0	0			
To Preference Shares Capital Account ..	1				7,500	0	0
" Ordinary " " " ..	2				5,000	0	0
Being a first call of £25 per share made on 1st January last, and due this day ..							
1 MARCH.							
Shareholders' Account	3	25,000	0	0			
To Preference Shares Capital Account ..	1				15,000	0	0
" Ordinary " " " ..	2				10,000	0	0
Being a second and final call of £50 per share made on 1st February last, and due this day.							
Carried forward ..	3	250,000	0	0	250,000	0	0

There is nothing in these various entries that calls for any detailed comment; the "Shareholders' Account" is debited with the amount from time to time called up upon shares (*i.e.*, the amount due from shareholders), and the same account is credited with the cash received from shareholders. The daily totals only of the "Capital Subscribed Book" being entered in the General Cash Book, this does not involve a very large amount of detailed posting in the General Ledger. The Preference and Ordinary Share Capital Accounts and the Debentures

Account are the Adjustment Accounts in connection with the Share and Debenture Ledgers.

The following may be taken as a copy of the General Cash Book for the quarter ending the 31st March 1913 :—

(1)

<i>Dr.</i> CASH.				<i>CONTRA.</i> <i>Cr.</i>			
1913			£ s d	1913			£ s d
Jan. 1	To Shareholders' A/c.	3	5,600 0 0	Jan. 2	By Shareholders' A/c.	3	400 0 0
7	" Ditto ..	"	3,000 0 0	"	" Office Cash ..	13	150 0 0
9	" Ditto ..	"	4,300 0 0	7	" Wages	16	3,000 0 0
16	" Debenture-holders' Account ..	5	40,000 0 0	14	" Ditto	"	2,700 0 0
17	" Ditto ..	"	10,000 0 0	18	" Bricks & Mortar ..	4	50,000 0 0
31	" Contract Ledger Account ..	10	15,000 0 0	21	" Wages	16	2,500 0 0
"	" Shareholders' A/c.	3	8,000 0 0	28	" Ditto	"	3,200 0 0
			<u>£85,900 0 0</u>	31	" Bought Ledger Account ..	14	4,800 0 0
				"	" General Expenses	15	450 0 0
				"	" Balance down ..	2	18,700 0 0
							<u>£85,900 0 0</u>
Feb. 1	To Balance down ..	1	18,700 0 0	Feb. 1	By Deposit at Bank ..	17	12,500 0 0
"	" Shareholders' A/c.	3	4,500 0 0	4	" Wages	16	3,000 0 0
28	" Contract Ledger Account ..	10	12,500 0 0	11	" Ditto	"	2,500 0 0
"	" Shareholders' A/c.	3	20,000 0 0	18	" Ditto	"	2,400 0 0
			<u>£55,700 0 0</u>	25	" Ditto	"	2,100 0 0
				28	" Bought Ledger Account ..	14	8,500 0 0
				"	" General Expenses	15	500 0 0
				"	" Balance down ..	3	24,200 0 0
							<u>£55,700 0 0</u>
Mar. 1	To Balance down ..	2	24,200 0 0	Mar. 1	By Deposit at Bank ..	17	20,000 0 0
"	" Shareholders' A/c.	3	5,000 0 0	4	" Wages	16	2,000 0 0
31	" Contract Ledger Account ..	10	15,800 0 0	11	" Ditto	"	1,800 0 0
			<u>£45,000 0 0</u>	18	" Ditto	"	2,100 0 0
				25	" Ditto	"	2,300 0 0
				31	" Bought Ledger Account ..	14	7,750 0 0
				"	" General Expenses	15	550 0 0
				"	" Balance down ..	4	8,500 0 0
							<u>£45,000 0 0</u>
April 1	To Balance down ..	3	8,500 0 0				

The General Journal may be written up either monthly or quarterly; it is compiled from the various subsidiary books, viz. :—

Contract Journal.
 Analysis of Purchases.
 Analysis of Plant Issued.
 Analysis of Plant Returned.
 Analysis of Stores Issued.
 Analysis of Stores Returned.
 Petty Cash Book.
 Bought Ledger Cash Book.

Let it be supposed that the following Journal entries correctly recapitulate the transactions recorded in these books during the quarter ended the 31st March 1913 :—

		(3)		
JOURNAL 1913.		<i>Dr.</i>		<i>Cr.</i>
		£	s	d
Brought forward ..	2	250,000	0	0
31 MARCH				
Contract Ledger Account	10	60,000	0	0
To Contracts Account	18	..		60,000 0 0
Being the agreed price of contracts completed during the current quarter, as per Contract Journal.				
Contracts Account	18	25,000	0	0
To Sundry Debtors for Contracts Outstanding	11	..		25,000 0 0
Writing back the amount held in suspense on 1 January last.				
Sundry Debtors for Contracts Outstanding ..	11	36,000	0	0
To Contracts Account	18	..		36,000 0 0
Being the amount now estimated to be earned upon works in progress.				
Carried forward ..	4	371,000	0	0

(4)

JOURNAL 1913.

Dr.

Cr.

		£	s	d	£	s	d
Brought forward	3	371,000	0	0	371,000	0	0
Wages Account	16	1,750	0	0			
To Sundry Creditors	19	..			1,750	0	0
For current week's wages not yet paid.							
Stores	9	9,000	0	0			
Plant	8	250	0	0			
Rent, Rates, &c.	20	500	0	0			
General Expenses	15	750	0	0			
Materials	21	23,500	0	0			
To Bought Ledger Account	14	..			34,000	0	0
As per analysis of purchases for the quarter.							
Plant Issued Account	22	5,000	0	0			
To Plant Account	8	..			5,000	0	0
As per analysis of plant issued for the quarter.							
Plant Issued Account	22	5,000	0	0			
To Plant Account	8	..			5,000	0	0
Being the value of plant standing at various contracts on 1 January last.							
Stores Issued Account	23	5,000	0	0			
To Stores Account	9	..			5,000	0	0
Being the value of stores standing at various contracts on 1 January last.							
Plant Account	8	4,000	0	0			
To Plant Issued Account	22	..			4,000	0	0
As per analysis of plant returned for the quarter.							
Stores Issued Account	23	3,000	0	0			
Ditto		2,000	0	0			
Ditto		3,000	0	0			
To Stores Account	9	..			8,000	0	0
As per analysis of stores issued for the three months.							
Carried forward	5	433,750	0	0	433,750	0	0

(5)

JOURNAL 1913.

*Dr.**Cr.*

		£	s	d	£	s	d
Brought forward	4	433,750	0	0	433,750	0	0
Stores Account	9	500	0	0			
To Stores Issued Account	23	..			500	0	0
As per analysis of stores returned for the quarter.							
Petty Cash Account	24	100	0	0			
To Office Cash Account	13	..			100	0	0
For sundry expenses, as per analysis of Petty Cash Book.							
Bought Ledger Account	14	500	0	0			
To Discount Account	25	..			500	0	0
As per Bought Ledger Payments Book.							
Debenture Interest	26	500	0	0			
To Sundry Creditors	19	..			500	0	0
Being Interest due to date.							
Total		£435,350	0	0	£435,350	0	0

It now remains to post the General Ledger from the above-shown General Journal and General Cash Book, and to extract the Trial Balance. This will be found fully dealt with in the following pages; the closing of the Ledger is, however, postponed for further consideration at a later period.

The GENERAL LEDGER of Messrs. BRICKS & CO., LIM.

1 *Dr.* PREFERENCE SHARES CAPITAL ACCOUNT. *Cr.* 1

				1913			£	s	d
				Jan. 1	By Shareholders	J. 1	7,500	0	0
				"	" Bricks and Mortar	"	20,000	0	0
				Feb. 1	" Shareholders	2	7,500	0	0
				Mar. 1	" Shareholders	"	15,000	0	0

2 *Dr.* ORDINARY SHARES CAPITAL ACCOUNT. *Cr.* 2

				1913			£	s	d
				Jan. 1	By Shareholders	J. 1	5,000	0	0
				"	" Bricks and Mortar	"	30,000	0	0
				Feb. 1	" Shareholders	2	5,000	0	0
				Mar. 1	" Shareholders	"	10,000	0	0

3 *Dr.* SHAREHOLDERS' ACCOUNT. *Cr.* 3

				1913			£	s	d
1913				Jan. 1	By Cash..	1	5,600	0	0
Jan. 1	To Sundries ..	J. 1	12,500	Jan. 1	" Do...	"	3,000	0	0
2	" Cash ..	"	400	7	" Do...	"	4,300	0	0
Feb. 1	" Sundries ..	2	12,500	9	" Do...	"	8,000	0	0
Mar. 1	" Do. ..	"	25,000	31	" Do...	"	4,500	0	0
				Feb. 1	" Do...	"	20,000	0	0
				28	" Do...	"	5,000	0	0
				Mar. 1	" Do...	"			

4 *Dr.* BRICKS & MORTAR (VENDORS' ACCOUNT). *Cr.* 4

				1913			£	s	d
1913				Jan. 1	By Sundries				
Jan. 1	To Shares allotted	J. 1	50,000	Jan. 1	(being purchase price of under-				
18	" Cash ..	"	50,000		taking) ..	J. 1	100,000	0	0

5 *Dr.* DEBENTURE-HOLDERS' ACCOUNT. *Cr.* 5

1913			£	s	d	1913			£	s	d
Jan. 1	To Sundries ..	J.2	50,000	0	0	Jan. 16	By Cash ..	1	40,000	0	0
						17	" Do. ..	"	10,000	0	0

6 *Dr.* DEBENTURES ACCOUNT. *Cr.* 6

					1913			£	s	d
					Jan. 1	By Debenture-holders ..	J.2	50,000	0	0

7 *Dr.* LAND AND BUILDINGS ACCOUNT. *Cr.* 7

1913			£	s	d						
Jan. 1	To Bricks and Mortar	J.1	20,000	0	0						

8 *Dr.* PLANT AND MACHINERY ACCOUNT. *Cr.* 8

1913			£	s	d	1913			£	s	d
Jan. 1	To Bricks and Mortar	J.1	15,000	0	0	Mar. 31	By Plant issued	J.4	5,000	0	0
Mar. 31	" Sundries ..	4	250	0	0	"	" Do.	"	5,000	0	0
	" Plant issued	"	4,000	0	0						

9 *Dr.* STORES ACCOUNT. *Cr.* 9

1913			£	s	d	1913			£	s	d
Jan. 1	To Bricks and Mortar	J.1	10,000	0	0	Mar. 31	By Stores Issued	J.4	8,000	0	0
Mar. 31	" Sundries ..	4	9,000	0	0		" Do.	"	5,000	0	0
"	" Stores ..	5	500	0	0						

10 *Dr.* CONTRACT LEDGER ACCOUNT. *Cr.* 10

1913			£	s	d	1913			£	s	d
Jan. 1	To Bricks and Mortar	J.1	5,000	0	0	Jan. 31	By Cash ..	1	15,000	0	0
Mar. 31	" Contracts ..	3	60,000	0	0	Feb. 28	" Do. ..	"	12,500	0	0
						Mar. 31	" Do. ..	"	15,800	0	0

TRANSACTIONS OF A MANUFACTURING COMPANY. 191

16

16

Dr.

WAGES ACCOUNT.

Cr.

				£	s	d			
1913									
Jan. 7	To Cash	..	I	3,000	0	0			
14	" Do.	..	"	2,700	0	0			
21	" Do.	..	"	2,500	0	0			
28	" Do.	..	"	3,200	0	0			
Feb. 4	" Do.	..	"	3,000	0	0			
11	" Do.	..	"	2,500	0	0			
18	" Do.	..	"	2,400	0	0			
25	" Do.	..	"	2,100	0	0			
Mar. 4	" Do.	..	"	2,000	0	0			
11	" Do.	..	"	1,800	0	0			
18	" Do.	..	"	2,100	0	0			
25	" Do.	..	"	2,300	0	0			
31	" Sundry								
	Creditors	J.4		1,750	0	0			

17

17

Dr.

DEPOSIT AT BANK.

Cr.

				£	s	d			
1913									
Feb. 1	To Cash	..	I	12,500	0	0			
Mar. 1	" Do.	..	"	20,000	0	0			

18

18

Dr.

CONTRACTS ACCOUNT.

Cr.

				£	s	d			£	s	d
1913							1913				
Mar. 31	To Sundries	..	J.3	25,000	0	0	Mar. 31	By Sundries	..	J.3	60,000 0 0
							"	" Do.	..	"	36,000 0 0

19

19

Dr.

SUNDRY CREDITORS.

Cr.

				£	s	d			£	s	d
							1913				
							Mar. 31	By Wages	..	J.4	1,750 0 0
								" Deb. Interest	..	J.5	500 0 0

20

20

Dr.

RENT, RATES, &c., ACCOUNT.

Cr.

				£	s	d			
1913									
Mar. 31	To Sundries	..	J.4	500	0	0			

21

Dr.

MATERIALS ACCOUNT.

Cr. 21

1913 Mar. 31	To Sundries ..	J.4	£	s	d				
			23,000	0	0				

22

Dr.

PLANT ISSUED ACCOUNT.

Cr. 22

1913 Mar. 31	To Sundries ..	J.4	£	s	d	1913 Mar. 31	By Sundries ..	J.4	£	s	d
"	" Do. ..	"	5,000	0	0				4,000	0	0
			5,000	0	0						

23

Dr.

STORES ISSUED ACCOUNT.

Cr. 23

1913 Jan. 31	To Sundries ..	J.4	£	s	d	1913 Mar. 31	By Sundries ..	J.5	£	s	d
Feb. 28	" Do. ..	"	3,000	0	0				500	0	0
Mar. 31	" Do. ..	"	2,000	0	0						
"	" Do. ..	"	3,000	0	0						
	" Do. ..	"	5,000	0	0						

24

Dr.

PETTY CASH ACCOUNT.

Cr. 24

1913 Mar. 31	To Office Cash	J.5	£	s	d				
			100	0	0				

25

Dr.

DISCOUNT ACCOUNT.

Cr. 25

						1913 Mar. 31	By Sundries ..	J.5	£	s	d
									500	0	0

26

Dr.

DEBENTURE INTEREST.

Cr. 26

1913 Mar. 31	To Sundry Creditors	J.5	£	s	d				
			500	0	0				

TRIAL BALANCE, 31ST MARCH 1913.

	Dr.		Cr.		Dr.		Cr.	
	£	s d	£	s d	£	s d	£	s d
1 Preference Shares .. ..	..	..	50,000	0 0	..	..	50,000	0 0
2 Ordinary Shares .. ..	..	..	50,000	0 0	..	..	50,000	0 0
3 Shareholders	50,400	0 0	50,400	0 0				
4 Bricks and Mortar	100,000	0 0	100,000	0 0				
5 Debenture-holders	50,000	0 0	50,000	0 0				
6 Debentures .. ..	..	..	50,000	0 0			50,000	0 0
7 Land and Buildings	20,000	0 0	..	..	20,000	0 0		
8 Plant and Machinery	19,250	0 0	10,000	0 0	9,250	0 0		
9 Stores	19,500	0 0	13,000	0 0	6,500	0 0		
10 Contract Ledger	65,000	0 0	43,300	0 0	21,700	0 0		
11 Sundry Debtors	61,000	0 0	25,000	0 0	36,000	0 0		
12 Goodwill	25,000	0 0	..	..	25,000	0 0		
13 Office Cash	150	0 0	100	0 0	50	0 0		
14 Bought Ledger	21,550	0 0	34,000	0 0	..	..	12,450	0 0
15 General Expenses	2,250	0 0	..	..	2,250	0 0		
16 Wages	31,350	0 0	..	..	31,350	0 0		
17 Deposit at Bank	32,500	0 0	..	..	32,500	0 0		
18 Contracts	25,000	0 0	96,000	0 0	..	..	71,000	0 0
19 Sundry Creditors .. ..	..	..	2,250	0 0	..	..	2,250	0 0
20 Rent, Rates, &c.	500	0 0	..	..	500	0 0		
21 Materials	23,500	0 0	..	..	23,500	0 0		
22 Plant Issued	10,000	0 0	4,000	0 0	6,000	0 0		
23 Stores Issued	13,000	0 0	500	0 0	12,500	0 0		
24 Petty Cash	100	0 0	..	..	100	0 0		
25 Discount .. ..	..	..	500	0 0	..	..	500	0 0
26 Debenture Interest	500	0 0	..	..	500	0 0		
4 Cash at Bank	8,500	0 0	..	..	8,500	0 0		
	£579,050	0 0	£579,050	0 0	£236,200	0 0	£236,200	0 0

TRADE LEDGERS, ETC.

It is now time to consider the Contract and Bought Ledgers, and the various books subsidiary thereto.

Taking first the CONTRACT LEDGER (which is equivalent to the Sold Ledger of an ordinary trading concern), the Ledger itself is of the usual type, embracing the Personal Accounts of the customers, (perhaps) the Bills Receivable Account, and the General Ledger Adjustment Account. The postings are made—

(1) From the Contract Journal—a simple form of Day Book, in which the amount chargeable for each contract is entered upon the completion thereof—to the debit of the various customers' accounts, the quarterly total being credited to the Adjustment Account.

(2) From the Contract Book (*vide* top of page 137, *ante*)—a simple form of one-sided Cash Book (or, more properly, “Journal”) in which is entered every amount received from customers, either directly or as the proceeds of Bills Receivable. The details of this book (which, if necessary, is provided with a column for discounts) are credited to the various accounts in the Contract Ledger, and the monthly totals debited to the Adjustment Account. The total of the cash column is included upon the debit side of the General Cash Book (*vide* page 184, *ante*), and the total of the discount column (if any) forms the subject of an entry in the General Journal.

(3) From the Bills Receivable Book, with the manipulation of which the reader has already been made familiar.

It is very usual for payments to be made by the customer during the progress of a contract. Inasmuch as the customer is not debited with the amount of his contract until its completion, it necessarily follows that *credit* balances in the Contract Ledger will be frequent; these credit balances act as a set-off against the debit balances, and reduce the balance shown upon the Contract Ledger Account in the General Ledger.

The amount accruing due upon contracts in progress is computed from the Cost Ledger, and will occupy attention in the following chapter.

Where there is a jobbing trade done, it is convenient to have a “Jobbing Ledger” subsidiary to the Contract Ledger—the latter containing the aggregate of the jobbing transactions in an Adjustment Account. It will usually be found that the tabular form of Ledger makes the most convenient Jobbing Ledger: the following ruling will be found very suitable:—

JOBGING LEDGER for the Quarter ended 31st March 1913.

No.	Name	Address	Balance on 1 Jan. 1913	Day Book fo.	Account for Quarter	Cash Book fo.	Date paid	Cash	Allowance	Balance forward	No.
			£ s d		£ s d			£ s d	£ s d	£ s d	

If accounts are rendered monthly, it may be found desirable to extend the number of columns so as to allow the three months' accounts to be dealt with upon the same folio.

The BOUGHT LEDGER now claims attention, and the opportunity is here afforded of describing a fresh mode of dealing with purchases that may sometimes be found convenient.

All invoices received from creditors are filed, or placed in a "Guard Book," in order of date. They are then entered in a "Bought Journal," which is ruled as follows:—

BOUGHT JOURNAL.

G.B. fo.	Date	Description of Goods	Amount of Invoice	Stores	Plant	Rent, Rates, &c.	General Expenses	Special Material
			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

A separate page is devoted to each creditor; and, as the book is provided with an index, every facility is afforded for ready reference.

Once a month, or once a quarter, the book is added and the totals transferred to the "Analysis of Purchases, &c., Book," of which the following is a specimen:—

ANALYSIS OF PURCHASES, &c.,
FOR THE QUARTER ENDED 31ST MARCH 1913.

Name	B. J. Fo.	B. L. Fo.	Total	Stores	Plant	Rent Rates, &c.	Other Expenses	Special Materials	Contract No.	C. L. Fo.
			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		
Abel & Sons ..	1	27	2,160 0 0	2,000 0 0	..	..	..	160 0 0	470	170
Thomas Bowen ..	2	41	1,500 0 0	250 0 0	250 0 0	..	..	1,000 0 0	"	"
Henry Green ..	10	82	340 0 0	..	..	..	..	340 0 0	471	171
&c.										
&c.										
		500	£34,000 0 0	£9,000 0 0	£250 0 0	£500 0 0	£750 0 0	£23,500 0 0		

The last column in the analysis is for goods that are ordered for special contracts, and which therefore do not come into the Stores Account: these are posted to the various contracts in the Cost Ledger, as will be shown later on. So far as the Bought Ledger is concerned, the items in the "Total" column are credited to the various personal accounts, and the total of that column (the £34,000) is posted to the debit of the Adjustment Account upon folio 500 of the Bought Ledger. It will be noticed that the totals of the various columns correspond with the entry in the General Journal shown upon page 186.

The remaining subsidiary books in connection with the Bought Ledger are the "Bought Ledger Cash Book" and the "Bills Payable Book"; these books correspond to the Contract Cash Book and Bills Receivable Book of the Contract Ledger series, and thus call for no further description.

XVI.—TRANSACTIONS OF A MANUFACTURING COMPANY (continued).

COST ACCOUNTS—CLOSING THE BOOKS.

NEXT come the Cost Ledger and its various subsidiary books. These subsidiary books are :—

(1) Abstract of Wages, a specimen of which was given upon p. 162.

(2) Analysis of Purchases, a specimen of which was given upon page 196, and of which the column headed “ Special materials ” is posted to the debit of the various contracts in the Cost Ledger.

(3) Analysis of Stores Issued, a specimen of which was given upon page 164.

(3A) Analysis of Stores Returned—a similar book recording the return of all surplus stores and materials into stock.

(4) Analysis of Plant Issued—a similar book recording the issue of plant (*e.g.*, scaffolding, &c.) for the general stock.

(4A) Analysis of Plant Returned—a similar book recording the return of plant into stock. The returns are priced at a lesser amount than when issued, thus making depreciation fall upon the various contracts.

Sales of stores or plant will rarely occur; but, when they do, they may be posted from the General Cash Book to the credit of Stores (or Plant) Issued Account, and also to the credit of the Contract in the Cost Ledger.

(5) Analysis of Petty Cash—a Tabular Petty Cash Book, by means of which each contract is debited with all special expenses incurred at the office and works. (It will be remembered that all petty expenses incurred at the site of the contracts are included in the wages.)

(6) Contract Journal, which, in addition to being posted to the Contract Ledger, is posted in detail to the credit of the various contracts in the Cost Ledger.

The double-entry check of the Cost Ledger is obtained by opening a “Contracts Account,” to which all totals are posted. On account of the special ruling of the Cost Ledger, it is convenient to depart from the usual practice in connection with Adjustment Accounts and to post these totals upon the *same* side of the Ledger as the items have been posted. The aggregate of the balances upon the various contracts thus agrees with the balance of the Contracts Account, and falls upon the same side of the Ledger. The totals of the various columns of the Contracts Account also agree with the corresponding totals of the periodical “Summary of Cost Ledger,” thus localising any error that may occur.

The following example is supposed to represent the “Summary of Cost Ledger,” in Messrs. Bricks & Co.’s, Lim., books for the quarter ended 31st March 1913:—

Dr. SUMMARY OF COST LEDGER FOR THE

Contract No.	Fo.	Total to Debit from last A/c	Wages		Materials	Plant	Stores	Petty Cash	Establishment Expenses	Total to Credit carried forward
			100's of days	Amount						
462	168	£ 15,000	150	£ 4,000	£ 500	£ ..	£ 1,000	£ ..	£ 300	£ ..
469	169	20,000	200	5,000	2,000	350	750	..	400	..
470	170	..	225	8,500	10,000	3,000	2,750	25	450	..
471	171	..	300	6,850	2,000	750	500	50	600	..
472	172	..	250	7,500	9,000	900	3,000	25	500	..
		£35,000	..	£31,850	£23,500	£5,000	£8,000	£100	£2,250	..

Sundries .. £25,000

Stores 5,000

Plant 5,000

£35,000

QUARTER ENDING 31ST MARCH 1913.

Cr.

Net Profit	Total	Total to Credit from last A/c	Contract Price	Stores returned	Plant returned	Total to Debit carried forward	Loss	Total
£ 800	£ 21,600	£ ..	£ 20,000	£ 100	£ 1,500	£ ..	£ ..	£ 21,600
..	28,500	..	25,000	400	1,800	..	1,300	28,500
..	24,725	..	..	..	..	24,725	..	24,725
4,950	15,700	..	15,000	..	700	..	..	15,700
..	20,925	..	..	..	..	20,925	..	20,925
£5,750	£111,450	..	£60,000	£500	£4,000	£45,650	£1,300	£111,450

Net profit for the quarter .. 4,450

£5,750

Sundries .. £36,000

Stores .. 5,750

Plant .. 3,900

£45,650

It will thus be seen that the quarter's working has resulted in a net profit of £4,450, allocated as follows :—

Profit on Contract No. 462 ...	...	...	£800
„ „ No. 471 ...	...	...	4,950
			<hr/>
			£5,750
Less Loss on Contract No. 469 ...	...	...	1,300
			<hr/>
			<u>£4,450</u>

It will also be noted that Contracts Nos. 470 and 472 are carried forward at cost only, no profit being reckoned upon them while in progress. This is the safest course to pursue, but it is not always acted upon in practice. On the other hand, if a loss is anticipated upon any uncompleted contract, it should always be provided for.

It remains to be added that folios 170 and 172 in the Cost Ledger (relating to the two uncompleted contracts) are now closed, the “Total to debit” being carried forward to the fresh accounts about to be opened for the following quarter.

The two columns “Total to credit” will be found useful when some of the stores or plant upon a contract are sold or returned, the contract remaining uncompleted at the end of the quarter. The totals to debit and credit will then both be carried forward to the next quarter's account, instead of a balance being struck.

Before leaving this question, it would be well to explain the manner of arriving at the constitution of the item “Total to Debit, £45,650.” The amount in question represents the expenditure to date upon the two uncompleted contracts Nos. 470 and 472: a portion of this relates to stores and plant issued, and as this portion has to be shown as a balance upon

the "Stores Issued" and "Plant Issued" Accounts in the General Ledger, the total expenditure is analysed as shown. The item "Sundries, £36,000," will be found in the General Ledger debited to "Sundry Debtors" and credited to "Contracts" (*vide* pages 190 and 191, *ante*).

The apportionment of the establishment expenses is a question upon which some variety obtains in practice. The following methods are in use :—

(1) A proportion varying according to the cost incurred on account of the contract.

(2) A proportion varying according to the amount of wages paid on the contract.

(3) A proportion varying according to the amount of time spent on the contract.

If the object be to apportion to each contract its fair share of the cost of rents, supervision, office expenses, &c., it is obvious that the first method is untenable, for a contract necessitating expensive materials does not, therefore, involve a larger degree of supervision.

For a like reason the second method is also inaccurate—although less so than the former—as it cannot seriously be argued that a contract employing masons necessarily involves heavier establishment expenses than one employing bricklayers.

The third method, taking the time occupied as the basis of the calculation, appears to be the fairest, and to involve but little extra trouble, and it has accordingly been adopted here ; but it is only fair to add that the second method is in more general use.

CLOSING THE LEDGERS.

The Closing of the Cost Ledger has already been described, and the closing of the Contract and Bought Ledgers presents no new features; it is, therefore, proposed to pass on at once to the closing of the General Ledger. The following are the Journal entries required for this purpose:—

JOURNAL 1913.

(6)

					<i>Dr.</i>			<i>Cr.</i>		
					£	s	d	£	s	d
Brought forward	..	..		5	435,350	0	0	435,350	0	0
—31 March—										
Trading Account	..	..	..	27	63,800	0	0			
To Wages	..	..	..	16	..			31,350	0	0
" Materials	..	..	..	21	..			23,500	0	0
" Stores Issued	..	..	..	23	..			6,750	0	0
" Plant Issued	..	..	..	22	..			2,100	0	0
" Petty Cash	..	..	..	24	..			100	0	0
Contracts	..	..	..	18	71,000	0	0			
To Trading Account	..	..	..	26	..			71,000	0	0
Trading Account	..	..	..	27	7,200	0	0			
Discount	..	..	..	25	500	0	0			
To Profit and Loss Account	..	..	..	28	..			7,700	0	0
Profit and Loss Account	..	..	..	28	3,250	0	0			
To General Expenses	..	..	..	15	..			2,250	0	0
" Rent, Rates, &c.	..	..	..	20	..			500	0	0
" Debenture Interest	..	..	..	26	..			500	0	0
Profit and Loss Account	..	..	..	28	4,450	0	0			
To Profit and Loss Apportionment Account	..	..	..	29	..			4,450	0	0
					£585,550	0	0	£585,550	0	0

There are but few features in these closing entries that call for comment: the balance of net profit for the quarter (£4,450), is, it will be seen, transferred to the credit of a "Profit and Loss Apportionment Account" instead of being added to the capital, as would have been done in the case of a private undertaking.

It may be added here that, for the sake of reducing the number of Ledger Accounts as far as possible (and so simplifying the example), the amount due for interest on debentures

and directors' fees has been included under the heading of General Expenses. For a like reason the interest earned upon the deposit at the bank has been disregarded.

From the above Journal entries the student will be able to close the General Ledger of Messrs. Bricks & Co., Lim., without difficulty ; but the following accounts are appended as specimens of form, and should be carefully studied. The figures in italics refer to the folios of the different Ledger Accounts, and are added only for the convenience of the reader.

BRICKS & COMPANY,

STATEMENT OF

TRADING ACCOUNT,

Dr.

		£	s	d	£	s	d
16	To Wages	31,350	0	0			
21 & 23	" Materials and Stores	30,250	0	0			
22	" Depreciation of Plant	2,100	0	0			
24	" Sundry Expenses	100	0	0			
27	" Balance carried to Profit and Loss Account				63,800	0	0
					7,200	0	0
					<u>£71,000</u>	<u>0</u>	<u>0</u>

Dr.

PROFIT AND LOSS ACCOUNT,

		£	s	d	£	s	d
20	To Rent, Rates, &c.	500	0	0			
15 {	" General Expenses, Salaries, &c.	2,000	0	0			
26 {	" Directors' Fees †	250	0	0			
26	" Interest on Debentures	500	0	0			
29	" Balance (being net Profit for the Quarter) carried to Profit and Loss Apportionment Account				3,250	0	0
					4,450	0	0
					<u>£7,700</u>	<u>0</u>	<u>0</u>
	Proposed Apportionment of Profit:—						
	Preference Shares, Dividend at 6%	750	0	0			
	Ordinary Shares Do. 10% (free of income-tax)	1,250	0	0			
	Reserve Fund	1,500	0	0			
	Carried forward to next Account	950	0	0			
		<u>£4,450</u>	<u>0</u>	<u>0</u>			

BALANCE SHEET,

	Liabilities.	£	s	d	£	s	d
	Nominal Capital	100,000	0	0			
	Capital Subscribed:—						
1	500 6% Preference Shares of £100 each, fully paid	50,000	0	0			
2	500 Ordinary Shares of £100 each, fully paid	50,000	0	0			
					100,000	0	0
6	Debentures (100 of £500 each at 4%)	50,000	0	0			
19	Interest on ditto	500	0	0			
					50,500	0	0
14	Trade Creditors				12,450	0	0
19	Sundry Creditors				1,750	0	0
29	Profit and Loss Account—Balance to credit, as above				4,450	0	0
					<u>£169,150</u>	<u>0</u>	<u>0</u>

* It need perhaps hardly be stated that the payment of *quarterly* dividends, and the † This item has been treated as passed through the Bought Ledger, in order to this would not be done.

ACCOUNTS.

 $Cr.$

18	By Contracts	£ s d 71,000 0 0
		<hr/> £71,000 0 0 <hr/>

Cr.

26		By Gross Profit as per Trading Account .. .. .	..		£ s d 7,200 0 0
25		" Discounts .. .. .	..		500 0 0
					£7,700 0 0

<i>Assets.</i>		£	s	d	£	s	d
7	Freehold and Leasehold Land and Buildings at cost .. .. .	..	..	..	20,000	0	0
8 & 22	Plant and Machinery (less Depreciation) .. .. .	..	..	..	13,150	0	0
9 & 23	Stores .. .. .	..	..	..	12,250	0	0
12	Goodwill at cost .. .. .	..	..	..	25,000	0	0
10 & 11	Trade Debtors .. .. .	..	..	..	57,700	0	0
17	Cash :-viz., Deposit at Bank .. .. .	..	..	..
c4	Current Account at Bank	32,500	0	0			
13	Cash in hand	8,500	0	0			
		50	0	0			
					41,050	0	0
					£169,150	0	0

preparation of quarterly accounts are both quite unusual in practice. reduce the number of accounts in the General Ledger. In actual practice, however,

The above is in the form in which the company's accounts would be submitted to the shareholders, but it may be added that it is not usual to publish the Trading Account.

DIVIDENDS.

Should the proposed apportionment of profit be approved by the shareholders, necessary entries in the books have next to be considered.

The dividend is dealt with by passing a Journal entry, debiting Profit and Loss Apportionment Account, and crediting a new account called "Dividend Account," with £2,000. The ordinary dividend (being "free of income-tax") is payable in full, but income-tax at the current rate must be deducted from all dividends paid to preference shareholders. A Journal entry will be passed, debiting Dividend Account, and crediting "Income Tax Account" with £43 15s., being 1s. 2d. in the £ upon £750. A cheque will now be drawn for £1,956 5s., and posted to the debit of the Dividend Account, which will now balance; this cheque is paid into a separate banking account (Bricks & Co., Lim., Dividends Account), a list is made of the balances of the Share Ledger on 31st March, the dividend computed, and a cheque drawn upon the Dividends Account for the amount due to each shareholder. When all the dividends are paid there will remain no balance in the bank upon this account; meanwhile the balance shown by the Pass Book represents the amount of unpaid dividends. A similar plan is adopted with regard to the payment of debenture interest, but in this case the cheque for £470 16s. 8d. (viz., £500 less income-tax) is debited to folio 19 in the General Ledger, and a Journal entry is passed, debiting folio 19, and crediting Income Tax Account, with £29 3s. 4d., being the amount of tax upon the debenture interest.

The Reserve Fund is dealt with by means of a Journal entry, debiting Profit and Loss Apportionment Account, and crediting a new Ledger Account called " Reserve Fund."

The above entries having been posted, the balance remaining to the credit of Profit and Loss Apportionment Account will be £950, as shown above; this balance is carried forward to the next account, when it is increased by the net profit made during the subsequent period.

It is hardly necessary to add that it is most unusual for companies to divide their profits quarterly, but this consideration does not affect any of the principles or methods just described.

Where the number of shareholders is very small it is undesirable to open a separate banking account for dividend purposes; in such a case it will be found more convenient to draw the cheques for dividends upon the General Banking Account, and to post these separate cheques to the debit of Profit and Loss Apportionment Account, or to the debit of a " Dividend Account"—having first debited Profit and Loss Apportionment Account and credited Dividend Account, with the total amount of the dividend by means of a Journal entry.

XVII.—FORMS OF ACCOUNTS AND ACCOUNT BOOKS.

THE DOUBLE-ACCOUNT SYSTEM.

UP to the present only what is known as the “Single-Account System” has been described, under which system all the assets and liabilities are focussed in a single account, or Balance Sheet. There yet remains to be considered the “Double Account System.”

This latter system is of comparatively modern origin—its first statutory recognition, apparently, being in 1868, when the “Regulation of Railways Act” was passed, prescribing a form of accounts designed upon the principle of the “Double-Account.”

The principle of the Double-Account System is that the capital of a company is contributed by the shareholders for the definite purpose of constructing or acquiring certain works, which when constructed, or acquired, as the case may be—are to be employed for the purpose of earning an income for such shareholders. The form of account employed is calculated to show exactly (1) what capital has been raised; (2) how much of such capital has been spent in constructing (or acquiring) the undertaking; and (3) what amount of capital remains over for the purpose of carrying on the undertaking, and so earning income. In accounts kept upon this system, the amount of

Expenditure (i.e. the cost price of assets) is the amount always stated ; the undertaking has to be kept in a state of working efficiency out of revenue, but all fluctuations of value are disregarded.

As a matter of practice, it is not unusual to find, in accounts kept upon the Single-Account System, that assets are stated in the Balance Sheet at cost price, irrespective of their actual market value. This is, however, technically incorrect (where not actually misleading) ; for it is the distinctive features of the Single-Account Balance Sheet that all assets and liabilities should be so stated that the actual financial position may be made apparent.

The most convenient method of disclosing the actual difference between the two systems is to show the same financial position, first in the form of a Single-Account, and then as a Double-Account. For this purpose the accounts of a mining company are selected, this especial class of accounts being chosen because they are, as a matter of fact, sometimes drawn upon the Single-Account System, and sometimes upon the Double.

SINGLE-ACCOUNT
THE A. B. COLLIERY
BALANCE SHEET,

LIABILITIES.							£	s	d
Nominal Capital	..	..	..	..	..	£200,000 0 0			
Capital Subscribed :									
A shares (£10 each, £5 per share called up)	..					£50,000 0 0			
B shares (£10 each, fully paid)	..	..				100,000 0 0			
							150,000	0	0
Debentures (at 5 per cent.)	..	..	..	..	..	..	50,000	0	0
Reserve Fund	..	..	..	..	..	..	20,000	0	0
Trade Creditors :									
Bills Payable	..	..	..	..	..	£5,000 0 0			
Open Accounts	..	..	..	..	..	5,000 0 0			
							10,000	0	0
Profit and Loss Account	..	..	..	..	..	..	20,000	0	0
							£250,000	0	0

SYSTEM.

COMPANY, LIMITED.

30th June 1912.

ASSETS.										£	s	d
Lease of Mines, Plant, Machinery, &c. (as per last												
Account)	..	..	..	..	..	..	£150,000	0	0			
Extension to date	..	..	..	..	..	..	20,000	0	0			
							<hr/>					
							170,000	0	0			
Less Depreciation	..	..	..	..	..	..	12,000	0	0			
							<hr/>					
Stock on hand	..	..	..	..	..	..	..	..	..	158,000	0	0
Consols (at cost)	..	..	..	..	..	..	..	..	..	10,000	0	0
Trade Debtors	..	..	..	..	..	..	..	..	..	20,000	0	0
Cash at Bank and in hand	..	..	..	..	..	..	..	..	..	30,000	0	0
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					
							<hr/>					

Recast, upon the Double-Account System, this Balance Sheet

DOUBLE-

THE A. B. COLLIERY

Dr.

CAPITAL ACCOUNT for the year

	Expenditure to 30th June 1911	Expended this year	Total to 30th June 1912
	£ s d	£ s d	£ s d
To Lands acquired	5,000 0 0	..	5,000 0 0
" Sinking Shafts and opening up Pits	100,000 0 0	12,500 0 0	112,500 0 0
" Plant and Machinery above sur- face	25,000 0 0	4,500 0 0	29,500 0 0
" Wagons	10,000 0 0	2,500 0 0	12,500 0 0
" Office Buildings	2,500 0 0	..	2,500 0 0
" Workmen's Cottages	7,500 0 0	500 0 0	8,000 0 0
	150,000 0 0	20,000 0 0	170,000 0 0
" Balance of Capital Account ..	..	..	30,000 0 0
			<u>£200,000 0 0</u>

GENERAL BALANCE SHEET,

LIABILITIES.								£	s	d
Capital Account—Balance to Credit	..	..	..	..	..	..	..	30,000	0	0
Reserve Fund .. .. .	..	..	..	..	..	..	..	20,000	0	0
Depreciation Fund .. .. .	..	..	..	..	..	..	..	12,000	0	0
Trade Creditors:—										
Bills Payable .. .. .	..	..	..	..	..	..	£5,000	0	0	
Open Accounts .. .. .	..	..	..	..	..	..	5,000	0	0	
								10,000	0	0
Profit and Loss Account .. .. .	..	..	..	..	..	..	..	20,000	0	0
								<u>£92,000</u>	0	0

appears as follows :—

ACCOUNT SYSTEM.

COMPANY, LIMITED.

ended 30th June 1912.

	Certified Receipts to June 30 1911			Received during year			Total Receipts to June 30 1912		
	£	s	d	£	s	d	£	s	d
By A. Shares	50,000	0	0	..	..	..	50,000	0	0
" B. Shares	50,000	0	0	50,000	0	0	100,000	0	0
" Debentures	50,000	0	0	..	..	..	50,000	0	0
	150,000	0	0	50,000	0	0	200,000	0	0
							£200,000	0	0

30th June 1912.

ASSETS.										£	s	d
Stock on Hand .. .. .	..	..	..	..	..	..	..	..	..	10,000	0	0
Consols .. .. .	..	..	..	..	..	..	..	..	..	20,000	0	0
Trade Debtors .. .. .	..	..	..	..	..	..	..	..	..	30,000	0	0
Cash at Bank and in Hand .. .. .	..	..	..	..	..	..	..	..	..	32,000	0	0
										£92,000	0	0

The above example has been purposely kept as simple as possible ; but it will suffice to explain the essential difference between the two systems. The essential features of the Double-Account System are :—

(1) Receipts are divided into two classes—Capital and Revenue ; all amounts received from shareholders and debenture-holders are regarded as “ capital receipts,” and are credited to Capital Account.

(2) Expenditure is divided into two classes—Capital and Revenue ; all amounts expended in constructing, extending, or acquiring the undertaking from which the revenue is earned are regarded as “ capital expenditure,” and are debited to Capital Account. Expenditure upon repairs, renewals, &c., and all other current expenses are regarded as “ revenue expenditure,” and debited to Revenue Account.

(3) No deduction is ever made from the amount to debit of Capital Account ; but, if necessary, a “ Depreciation Fund ” is raised by debiting Revenue and crediting “ Depreciation Fund Account ”—the latter appearing as a liability in the General Balance Sheet. It is a very usual thing to hold special investments for the amount of the Depreciation Fund.

It is, perhaps, desirable to add that, in the foregoing example, it is supposed that the £12,000 written off for depreciation on the 30th June 1912 is the *first* amount so written off. In all cases under the Double-Account System the total to the debit of Capital Account will be the total amount of capital expenditure since the commencement, and the amount to the credit of Depreciation Fund Account will similarly be the total amount of depreciation written off since the start.

The Double-Account System is compulsory in the case of such Railway Companies and Tramway Companies as are governed by the Regulation of Railways Act, 1868; and also in the case of all Gas Companies incorporated by special Act of Parliament adopting the Gas Works 'Clauses Act, 1871. It is especially applicable to all such companies as invest the greater part of their capital in what may be styled "permanent assets"—*i.e.*, land, buildings, machinery, &c., which are held as a means of earning income, and not for purposes of resale.

The Double-Account System thus appears to be the best system to adopt for

Railway Companies,
Tramway Companies,
Canal Companies,
Shipping Companies,
Gas Companies,
Water Companies,
Electric Light and Power Companies,
Telegraph Companies,
Telephone Companies,
Property Companies (*i.e.* companies holding lands or buildings for letting purposes, but not for sale),
Mining Companies, and
Quarrying Companies;

it is, however, less suitable for Investment Trust Companies, as these companies do not, as a rule, hold their investments permanently.

It is now proposed to give a few forms of ruling for special books that will be found convenient under certain conditions.

LEDGERS.

Form of ruling for the DEPOSITORS' LEDGER of a BUILDING SOCIETY, or in any similar case where it is desirable to readily perceive the balance from day to day.

*Dr.**Cr.*

Deposits withdrawn	Interest withdrawn	Date	Fo.	Deposits paid in	Interest credited
£ s d	£ s d	1913		£ s d	£ s d
50 0 0	..	January 1	165	100 0 0	
		March 3	78		
		June 30	1. 72	..	1 0 0

It will be seen that, in this form of Ledger, each transaction occupies an entire line—the transactions, whether to credit or to debit, being in strictly chronological order.

Form of double-column BOUGHT OR SOLD LEDGER; useful when the accounts are settled
at uncertain dates:—

Dr.				JAMES BROWN & CO.				CONTRA.				Cr.	
1913 Jan. 16 Mar. 10 "	To Goods " Cash " Discount " Bill	86 116 " 29	.. .. .. ..	.. .. .. ..	£ s d 20 16 0 46 0 0 1 4 2 ..	£ s d 68 0 2 154 9 6	1913 Jan. 1 10 19 Feb. 2 14 20 Mar. 5	By Goods .. .. .. .. .. .. ..	.. .. .. .. .. .. ..	26 42 51 76 90 101 126	£ s d 1 12 0 57 16 0 8 12 2 116 2 0 12 4 8 26 2 10 41 12 7	£ s d 154 9 6 41 12 7
Mar. 7 May 10 "	To Overcharge " Cash " Discount	92 136 "	.. .. ..	.. .. ..	0 3 6 40 8 0 1 1 1	41 12 7						£264 2 3

Form of 'TABULAR LEDGER suitable for a Gas Company :—

Progressive No.	No. of House	Name of Ratepayer	QUARTER ending 31st March 1913.											Similar columns for the June, September, and December Quarters		Arrears	Remarks
			Arrears	Meter Index		Con- sump- tion	Amount due at — per 1,000	Meter Rents	Cash Received	Fo.	Date Received	Amount Allowed	Allow- ance Book				
			£ s d	From	To	thous.	£ s d	£ s d	£ s d		1913	£ s d	Det'l's	Fo.		£ s d	
1	1	Hig h Street	..	6,153	7,216	106'3	13 5 3	0 10 0	13 15 3	29	May 12	19 2 6	B.D.	62			
2	2	Jones, J. .. Smith, T. ...	10 12 6	8,120	9,610	149'0	18 12 6	0 10 0	10 12 6	20	April 30						

Where the number of accounts is considerable, and the number of transactions upon each account few, but regular, the Tabulated Ledger is very convenient on account of the ease with which it may be balanced. Water rates, municipal rates, telephone subscriptions, rent accounts, hotel accounts, &c., may be advantageously kept upon this system.

The following forms of "BILL LEDGERS" will be found very convenient where the transactions in bills are very numerous :—

Where the Bill Ledger is employed, the Ledger Accounts for " Bills Receivable " and " Bills Payable " become unnecessary. It may be added that the total of the " Discount " columns in the Bill Ledgers is posted to the Discount Account each month ; dishonoured bills are dealt with through the Cash Book or Journal.

JOURNALS.

The following is a favourite form of Journal among American bookkeepers :

<i>Dr.</i>		JOURNAL.				<i>Cr.</i>	
Goods	Sundries	Fo.	Particulars	Fo.	Goods	Sundries	
£ s d	£ s d				£ s d	£ s d	

Where the transactions are not very numerous this seems a very convenient form to adopt, as, of course, it saves the double posting of all sales and purchases ; but one might as well go a step further while about it, and add a " Cash " column upon each side—making the Journal (as in days of yore) the sole book of first entry. Even this is sometimes done, however, especially in the case of solicitors' accounts.

The following form of ACCOUNTS RENDERED BOOK for an ACCOUNTANT has proved most convenient :—

ACCOUNTS RENDERED DURING THE QUARTER ENDING 31ST MARCH 1913.

Date	Fo. in Press	To whom chargeable	Estate	Clients' Ledger fo.	Amount of Account	Disbursements	Disbursements Ledger fo.	Charges (net)	Time fo.	Time occupied					
										Principals		Clerks			
										A	B	C	1st	2nd	3rd
1913 Jan. 2	142	A. B. Co., Lim. ..	..	13	£ s d 26 5 0	£ s d 14 6	8	£ s d 25 10 6	16	12	..	..	10	40	25
3	143	Estate of C. D. .. &c.	..	29	104 10 0 &c.	29 10 0 &c.	16	75 0 0 &c.	21	2	20	24	36	82	60
					<u>£1,096 0 0</u>	<u>£96 0 0</u>	180	<u>£1,000 0 0</u>	175	+	+	+	+	+	+
						C.L. 150		C.L. 156							

A word of explanation is advisable here: each client is debited in the Clients' Ledger with the amount of his account; the total "Disbursements" is credited to "Disbursements Ledger Adjustment Account," and the total "Charges" is credited to "Private Ledger Adjustment Account"—this completes the double entry of the Clients' Ledger. In the Disbursements Ledger the details of the "Disbursements" column are posted to the credit of the various clients' accounts, and the total of that column is debited to "Clients' Ledger Adjustment Account." The detailed amounts in the "Time Occupied" columns are credited to the various clients' accounts in the Time Ledger (closing these accounts), and the total time occupied is debited to the "Outstanding Charges" Account in the Time Ledger. The balance of this latter account thus always shows the amount of time spent upon matters for which no account has yet been rendered.

CASH BOOKS.

The following form of CASH BOOK does away with the necessity for either Bill Books or Bill Ledgers; it is, however, deficient in detail, which doubtless accounts for its not being more generally used:—

XVIII.—MISCELLANEOUS QUESTIONS OF ACCOUNT.

IN order to keep the various examples shown in this work sufficiently simple to be readily comprehended, it has been necessary to postpone the consideration of several questions relating to accounts that are too important to be neglected altogether. It is proposed to deal with these various matters in the present chapter.

BAD DEBTS AND DOUBTFUL DEBTS.—Theoretically, the treatment of bad and doubtful debts presents no especial difficulty ; the situation is that the whole (or a portion) of the debit balance shown upon a Personal Account is irrecoverable ; to the extent that it is irrecoverable the balance represents a loss instead of an asset. To this extent, therefore, the balance should be the balance of a Nominal Account, not of a Personal Account. All that has to be done is to alter the books in accordance with the ascertained facts. This is done by crediting the debtor's (Personal) Account, and debiting the "Bad Debts" (Nominal) Account, with the amount of the ascertained loss.

A practical difficulty arises from the fact that it is always desirable to make provision for probable and possible losses, as well as those that are actually known. This involves the raising of a Suspense Account called "Reserve for Bad Debts Account," which is credited with the estimated contingent loss, the Bad Debts Account being debited as before ; in the

Balance Sheet, the credit balance of the Suspense Account is deducted from the amount of the book debts, instead of being stated separately on the liabilities' side. Debts subsequently written off as bad are then debited to the Reserve for Bad Debts Account, instead of to the Bad Debts Account direct.

It is unnecessary to consider here the best mode of ascertaining the proper provision to be made against loss by bad and doubtful debts, as that is a question of auditing rather than bookkeeping, and has been fully dealt with in the present author's work upon *Auditing*.

BILLS DISCOUNTED.—The best method of dealing with bills receivable discounted varies with the practice of the bankers or brokers with whom they are negotiated. The usual practice of bankers is to give credit for the face value of the bill, and to debit the customer's account with the amount of the discount ; on the other hand, some bankers deduct the discount from the face value of the bill and give credit for the net proceeds. Brokers likewise, when purchasing bills, deduct discount and pay net.

In the first case, the full value of the bill will be entered on the debit side of the Cash Book in the Bank column, and posted to the credit of Bills Receivable Account, while the amount of the discount will appear on the credit side of the Cash Book (also in the Bank column) and be posted thence to the Discount Account in the Ledger.

In the last two cases the amount of cash actually received will appear in the Bank column of the Cash Book on the debit side, and the amount of the discount allowed should be inserted in the Dr. Discount column ; the figures in both columns are posted to the credit of Bills Receivable Account.

When it is the practice to negotiate bills with creditors (*i.e.* to endorse them over to creditors in payments of amounts due), it will be found convenient to use the form of Cash Book set forth on page 226—the credit entries being written in red ink in the “Bills Payable” column. When this plan is not followed, the only possible way is to pass Journal entries, debiting the Personal Account of the endorsee and Discount Account, and crediting Bills Receivable Account.

BILLS DISHONoured.—When the dishonoured bill has been discounted this problem presents no difficulty; a cheque is drawn for the amount of the bill and charges and paid over to the holder (the bill being received in exchange), and the whole amount is debited to the account of the person from whom the bill was originally received. Any further commission or interest that may be charged is debited to the customer through the Journal.

If the bill has not been discounted, the amount thereof (*plus* noting charges) is debited to the acceptor—or other party from whom it was originally received—and credited to Bills Receivable Account through the Journal.

DEBENTURES ISSUED AT A DISCOUNT.—As already stated on page 180, the Debenture Ledger deals only with the nominal value of debentures; it therefore follows that the credit balance on the Debentures Account in the General Ledger is for the nominal, or face, value of the debentures likewise. Whatever is credited to Debentures Account is also debited to Debenture-holders' Account; if, therefore, the debenture-holders have paid less than the face value for their bonds, it naturally follows that this latter account shows a debit balance equal to the amount of discount allowed up to the issue. To correct this, raise a “Cost of Issue of Debentures Account,” and debit it with the amount of the discount allowed, crediting Debenture-holders' Account with a like amount—so balancing the latter

account. Commission paid to underwriters, &c. (if not *ultrá vires*), may also be debited to this account. The total amount debited to this account must be written off out of Revenue during the currency of the debentures, and in the meantime the (diminishing) balance must be treated as an assets in successive Balance Sheet.

DEBENTURES ISSUED AT A PREMIUM.—In a like manner, if the debenture-holders have paid more than the nominal value for their bonds, the Debenture-holders' Account in the General Ledger will show a credit balance. Probably the best mode of dealing with this credit balance (which represents the premium received upon the issue) is to transfer it to the credit of Reserve Fund.

DEBENTURES REDEEMED.—In the Debenture Ledger open a "Debentures Redeemed Account," and transfer all redemptions from the holders' accounts to this account. It is convenient to set aside a few pages of the Transfer Journal for this purpose, or, if the redemptions are very numerous, a special "Redemptions Journal" may be preferred. In the financial books post the cash paid upon redemption to the debit of a "Debentures Redeemed Account," and transfer the balance of this account periodically to the debit of Debentures Account, thereby gradually reducing the credit balance of the latter.

If the debentures have been originally issued at a discount, it is necessary every time a portion of the issue is redeemed to write off a proportionate part of the Cost of Issue of Debentures Account. This is done by crediting the latter account and debiting Profit and Loss Account.

DEPRECIATION.—Depreciation may be provided for in various ways, of which the more usual are :—

(1) As a fixed proportion of the original value of the property. ("Fixed Instalment" method.)

(2) As a fixed percentage upon the diminishing value of the property. ("Reducing Instalment" method.)

(3) As a fixed proportion upon the original value, less interest at a fixed rate upon the diminishing value of the property ("Annuity" method.)

(4) By setting aside, and specially investing, a fixed proportion of the original value of the property. ("Sinking Fund" method.)

If it be desired to reduce £200 to £100 in ten years, the annual instalments would be as follows:—

Time	1st Method			2nd Method			3rd Method			4th Method		
	£	s	d	£	s	d	£	s	d	£	s	d
End of 1st year	..	10	0	0	..	13	8	6	..	7	19	0
" 2nd "	..	10	0	0	..	12	10	4	..	8	7	0
" 3rd "	..	10	0	0	..	11	13	5	..	8	15	4
" 4th "	..	10	0	0	..	10	17	8	..	9	3	11
" 5th "	..	10	0	0	..	10	2	11	..	9	13	4
" 6th "	..	10	0	0	..	9	9	3	..	10	2	11
" 7th "	..	10	0	0	..	8	16	6	..	10	13	1
" 8th "	..	10	0	0	..	8	4	8	..	11	3	9
" 9th "	..	10	0	0	..	7	13	6	..	11	14	11
" 10th "	..	10	0	0	..	7	3	3	..	12	6	9
	<u>£100 0 0</u>			<u>£100 0 0</u>			<u>£100 0 0</u>			<u>£79 10 0</u>		

It will perhaps be as well to pause a moment, and consider the practical effect of the various methods; but, before doing so, it seems desirable to call attention to the fact that the differences would have appeared greater, had instalments for a longer period been compared, or had interest been reckoned at a higher rate (5 per cent. is the rate employed in the above tables).

The first three methods, it will be seen, all require the same amount to be debited to Profit and Loss Account in the course of the ten years; but while the fixed instalment principle spreads the loss equally over that period, the diminishing instal-

ments principle throws the bulk of the loss upon the first few years, and the annuity principle upon the last few years. On the other hand, the Sinking Fund principle possesses the advantage of economy—although it must be added that this advantage is more apparent than real, inasmuch as the instalments—being specially invested—are not helping to earn profits, as is the case under the other systems. Still, there is much to be said in favour of a system that provides a tangible fund for renewals, &c.

Reverting to the first three methods, the annuity system is undoubtedly the scientifically correct one, and should always be employed for long leases, &c. ; but, inasmuch as it tends to swell the profits for the first years at the expense of later years, it is preferable to use one of the instalment principles for plant, machinery; &c. The relative advantages of the first two methods are fully considered by the author in his work entitled *Comparative Depreciation Tables*.

Sometimes Depreciation is credited to the account of the asset concerned and sometimes to a " Reserve for Depreciation Account " (the amount to credit of the latter being deducted from the debit of the account of the asset in the Balance Sheet). Under the first and fourth methods, this latter course is clearly the most convenient.

FORFEITED SHARES.—In the Share Ledger, by means of the Transfer Journal, transfer these shares to the credit of " Forfeited Shares Account " : when resold, transfer to the purchaser in the usual way. In the General Ledger debit " Share Capital Account " with amount called up, credit " Forfeited Shares Account " with the amount paid up upon forfeited shares, and credit " Shareholders' Account " with the amount in arrear.

Until the shares are re-issued the balance of Forfeited Shares Account should be stated separately upon the liabilities' side of the Balance Sheet, but when the shares have again been disposed of the balance of the Forfeited Shares Account may—if thought fit—be credited to Reserve Fund, or to Profit and Loss Account. Directors may, however, re-issue such shares at a discount not exceeding the amount originally paid up thereon; and when advantage is taken of this power, the amount of such discount must be made good to Share Capital Account out of Forfeited Shares Account.

PARTNERSHIP LOSSES.—It would be well to show, by means of an example, how losses are to be apportioned among partners.

Suppose A., B., and C. are partners: A., with a capital of £5,000, is entitled to three-fifths of the profits; B., with £3,500 capital, is entitled to one-fifth of the profits; and C., with a capital of £1,500, is entitled to one-fifth likewise. Each partner is to be credited with 5 per cent. interest on his capital. The trading for the year ended 30th September 1912 resulted in a loss of £10,000—to which the interest on capital must be added, making the total loss of £10,500.

The situation is as follows:—

				A.	B.	C.	Total
Capital, 1st Oct. 1911	..	..	..	£5,000	£3,500	£1,500	£10,000
Interest thereon	..	..	..	250	175	75	500
				<hr/>	<hr/>	<hr/>	<hr/>
				5,250	3,675	1,575	10,500
Loss for the year..	..	..	..	6,300	2,100	2,100	10,500
				<hr/>	<hr/>	<hr/>	<hr/>
Capital, 30th Sept. 1912..	..	..	..	£1,050	£1,575	£525	Nil
				<hr/>	<hr/>	<hr/>	<hr/>

If, therefore, the firm wound up (and assuming the result of such liquidation was that the assets exactly discharged the liabilities) A. would owe B. £1,050, and C. would owe B. £525.

In the absence of express agreement to the contrary, partnership losses are borne in the same proportions as partnership profits are shared, but no partner can be called upon to pay *another* partner's share of such losses if all outside creditors have been paid.

REDUCTION OF COMPANY'S CAPITAL.—In the Share Ledger the simplest and most convenient way is to procure a rubber stamp, briefly stating the effect of the reduction, and impress it upon every page. The share certificates should also be called in and similarly stamped. In the General Ledger note the reduction at the head of Share Capital Account, and if the reduction does not affect the paid-up capital, no further entry is required.

If, however, the reduction has been made for the purpose of wiping-off a balance to the debit of Apportionment of Profit Account, or of writing off balances on accounts representing unproductive assets, pass a Journal entry debiting Share Capital Account and crediting Apportionment of Profit Account, or the account (or accounts) of the assets concerned, with the total amount of such reduction of paid-up capital.

SHARES ISSUED AT A PREMIUM.—[See under "Debentures Issued at a Premium," on page 231, reading "Shareholders' Account" for "Debenture-holders' Account."]

FINIS.



INDEX.

Abstract of Wages, Form of	162
Account Sales, Definition of	67
„ „ <i>Pro formâ</i>	128
Accounts of Consignees, how dealt with	127
„ „ <i>Pro formâ</i>	130
„ Consignors, how dealt with	111
„ „ <i>Pro formâ</i>	123
„ Manufacturers	158
„ Partners, <i>Pro formâ</i>	86, 125, 234
„ Traders	73
„ Rendered Book, Form of	224
Adjustment Accounts, Description of	134
„ „ <i>Pro formâ</i>	138, 139
Advantage of Double-Entry	29
„ Self-Balancing Ledgers	133
Allotment of Shares	169, 173, 182, 235
Amalgamation of Firms, how dealt with	86, 87
Analysis of Purchases	96, 98, 196
„ Sales	96, 98
„ Stores Issued, Form of	164
Application of Double-Account System	217
Applications and Allotments Book, <i>Pro formâ</i>	172, 179
Apportionment of Partnership Losses	234
Bad Debts, how dealt with	228
<i>Balance de Sortir</i>	54, 55, 57
„ <i>d'entrer</i>	45, 48, 57
Balance Sheet, Definition of	8
„ „ Preparation of	29, 51
„ „ upon Double-Account System, <i>Pro formâ</i>	214
„ „ Various forms of	7, 57, 212, 214
Bank Account, Description of	13, 74
Bill Ledger, Forms of... ..	222

Bills discounted, how dealt with	229
„ dishonoured, how dealt with	230
„ Payable Book, form of	81, 222
„ „ Description of	67, 80
„ „ how dealt with	80, 82
„ Receivable Book, Form of	78, 222
„ „ Description of	67, 77
„ „ how dealt with	67, 78, 229, 230
Bookkeepers, Continental, Practice of	2
„ English, Practice of	2
Bookkeeping, Definition of	1
„ Object of	1
„ Practical, Main difficulty of	1
Books, Two main classes of	3
Capital Account, Description of	15, 86
„ Expenditure	211, 216
„ of Companies	169
„ „ Company, Reduction of... ..	169, 235
Cash Account, Description of	13, 74
„ Book for Self-balancing Ledgers, <i>Pro formâ</i>	137
„ „ Traders, Form of	77, 84, 109
Classes of Books, Two main	3
Closing the Ledger, Method of	24, 54, 113
„ Trading Account, Method of	113
Colliery Company, <i>Pro formâ</i> Balance Sheet	212, 214
Commercial Terms, Explanation of	66
Company (Joint Stock), Constitution of	168
Company's Shares, Allotment of	169, 174, 182, 234
„ „ Forfeiture of	170, 233
„ Balance Sheet, <i>Pro formâ</i>	206, 212, 214
„ Capital, Reduction of	169, 235
„ Debentures, Issue of	178, 230, 231
„ Ledger, Opening entries in	182
„ Register of Transfers, <i>Pro formâ</i>	177
„ Share Ledger, <i>Pro formâ</i>	176
Consignees' Accounts	127, 130
Consignment, Definition of	69
Consignments, how dealt with	98, 111, 127

Consignors' Accounts	98, 111, 123
Constitution of Joint Stock Company	169
Continental and English Systems, Relative advantages of	55
„ Bookkeepers, Practice of	2
„ System, Closing Ledger upon the... ..	53
„ „ Description of	45
Contractors' Balance Sheet, <i>Pro formâ</i>	206
Cost Accounts	164, 200
„ Ledger, Specimen page of	166, 200
Debentures, Issue of	178, 264, 265
Definition of Account Sales	67
„ Balance Sheet	8
„ Bookkeeping	1
„ Commercial Terms	66
„ Consignment	69
„ Discount	70, 82
„ Double-Account System	210
„ Double-Entry	6, 29
„ Nominal Accounts	12, 19
„ Partnership	71
„ Personal Accounts	15
„ Real Accounts	12
Depreciation, how provided for	15, 231
Description of Adjustment Accounts	135
„ Bank Account	14, 74
„ Bills Payable	67, 80
„ „ Receivable	67, 77
„ Capital Account	15, 85, 169
„ Cash Account	13, 74
„ Continental System	54
„ Manufacturers' Accounts	158
„ Nominal Accounts	19
„ Personal Accounts	15
„ Profit and Loss Account	10
„ Revenue Account	10
„ Self-balancing Ledgers	132, 135

Description of Suspense Accounts	115
„ the Journal	4
„ „ Ledger	4, 12
„ Traders' Accounts	73
„ Trial Balance	21, 51
Difference between Revenue and Profit and Loss	
Accounts	10
Different classes of Ledger Accounts	12
Discount, Definition of	71, 82
„ how dealt with	82, 115
„ upon debentures, how dealt with	230
Discounted bills, how dealt with	228
Dishonoured bills, how dealt with	229
Distinction between assets and losses	9
„ „ capital and revenue	211, 216
„ „ liabilities and gains	9
Dividends, Payment of	208
Double-Account System explained	210
„ „ <i>pro formâ</i> Balance Sheet	214
„ „ when applicable	217
Double-Entry, Advantages of	29
„ Nature of	6, 29
„ Origin of	6
Doubtful Debts, how dealt with	228
Drawings of Partners	89
English Bookkeepers, Practice of	2
Expenditure, Capital and Revenue, distinguished	211, 216
Explanation of Commercial Terms	66
„ Double-Account System	210
„ Single-Account System	211
Firms, Amalgamation of	86
„ (<i>See under</i> "Partnership.")	
Foreign Commercial Terms, Explanation of	66
Forfeiture of Shares	170, 233

Form of Abstract of Wages	162
„ Account Sales	128
„ Accounts Rendered Book	224
„ Adjustment Accounts	138, 139
„ Analysis of Stores Issued	164
„ Balance Sheet... ..	31, 86, 87, 88, 207, 212, 214
„ „ „ upon Double-Account System	214
„ „ „ various	7, 57, 212, 214
„ Bill Book	77, 81
„ „ Ledger	222
„ Bought Journal	95, 195
„ Cash Book for Traders	77, 84, 200
„ Closing Balance	54, 55
„ Company's Balance Sheet	206, 212, 214
„ „ Profit and Loss Account ...	206
„ „ Trading Account	206
„ Consignees' Accounts	130
„ Consignors' Accounts	123
„ Cost Ledger	166, 200
„ Invoice	95
„ Jobbing Ledger for Contractor ...	195
„ Opening Balance	45, 48
„ Partnership Accounts	86, 131
„ Pay Sheet	161
„ Primitive Ledger	4
„ Purchases Book	95, 104
„ Returns Book	109
„ Sales Book	97
„ Share Ledger	176
„ Summary of Cost Ledger	200
„ Tabular Cash Book	77, 84, 108, 137, 226
„ „ Journal	223
„ „ Ledger	205, 220
„ „ Petty Cash Book	227
„ Trader's Balance Sheet 104, 117, 124, 126, 139	
„ „ Profit and Loss Account ...	124, 125
„ Trading Account	93, 118, 119, 206
„ Transfer Register	177
„ Trial Balance	21, 27, 43, 52, 112
French Commercial Terms explained	66

German Commercial Terms explained	...	...	66
Goods Account (<i>vide</i> "Trading Account.")			
Goodwill	...	...	87, 206
Jobbing Ledger, Form of	...	...	195
Joint Stock Company, Constitution of	...	...	169
Journal, Description of	...	...	4
" for Self-balancing Ledger	...	138, 183, 185	
" Tabular, Form of	...	...	223
Ledger Accounts, Different classes of	...	...	12
" Description of	...	...	4, 12
" Method of closing	...	...	24, 54, 113
" Self-balancing, Advantages of	...	...	133
" " Description of	...	...	132, 135
" " <i>Pro formâ</i> Cash Book for			137
" " " Journal for	138, 183, 185		
" Tabular, Form of	...	...	195, 220
" Trade	...	...	193, 195
Losses of Partners, how dealt with	...	...	234
Manufacturers' Accounts	...	...	158
Method of closing the Ledger	...	...	24, 113
" " " on the Continental			
System	...	...	54
" " Trading Account...	...	...	113
" dealing with accounts of consignees	...	...	127
" " " consignors	...	99, 110	
" " allotments of shares	169, 174, 182,		
			235
" " amalgamation of firms	...	...	86
" " bad and doubtful debts	...	...	228
" " bills accepted	...	...	80, 82
" " " discounted	...	...	229
" " " dishonoured	...	...	230
" " " received	...	...	78, 79
" " debentures issued at a			
discount	...	...	230
" " debentures issued at a			
premium	...	...	230

Method of dealing with discounts	82, 115
,, forfeitures of shares ...	168, 233
,, issues of debentures	178, 230, 232
,, partners' drawings ...	89
,, partnership accounts ...	86, 234
,, ,, losses ...	234
,, purchases	94, 195
,, reduction of capital of company	235
,, returns	98
,, sales	97
,, shares issued at a premium	235
,, stating goodwill in Balance Sheet ...	87, 206
Modes of providing for depreciation	231
Nature of Double-Entry	6, 29
Necessity for Cost Accounts	163
,, Stores Accounts	162
Nominal Accounts, Description of	12, 20
Object of Bookkeeping... ..	1
,, Trial Balance	21
Opening entries for company... ..	182
Origin of Double-Entry	6
Partners, Drawings of... ..	89
,, <i>Pro formâ</i> Accounts of	86, 125, 234
Partnership Accounts, Form of	86, 125
,, ,, how dealt with	85, 234
,, Definition of	71
,, losses, how dealt with	234
Payment of dividends	208
,, wages	161
Personal Accounts defined	12
,, Description of	17, 19
Petty Cash Book, Form of	227
Practice of English and Continental Bookkeepers	2
Premium upon debentures, how dealt with ...	231
,, shares, how dealt with	235

Preparation of Balance Sheet	...	...	...	29, 55
„ Revenue Account	...	...	...	24, 55
Primitive Ledger, Form of	...	...	...	4
Profit and Loss Account explained	...	...	...	10
<i>Pro formâ</i> Account Sales	...	...	...	129
„ Accounts of Partners	...	...	86, 125, 234	
„ „ Rendered Book	...	...	...	224
„ Adjustment Accounts	...	...	140, 141	
„ Analysis of Stores Issued	...	...	...	164
„ „ Wages	...	...	...	162
„ Applications and Allotments Book	...	...	173, 179	
„ Balance Sheet	...	29, 86, 87, 88, 206, 211, 213		
„ „ of a company	...	206, 211, 213		
„ „ „ trader	104, 117, 124, 126, 139			
„ „ upon Double - Account				
System	...	...	...	214
„ Bill Book	...	...	...	85, 89
„ „ Ledger	...	...	...	222
„ Cash Book for traders	...	...	76, 84, 108	
„ Closing Balance Account	...	...	54, 55	
„ Company's Cash Book	...	...	...	17
„ „ General Ledger	...	...	...	18
„ Consignees' Accounts	...	...	...	130
„ Consignors' Accounts	...	...	...	123
„ Contractor's Balance Sheet	...	...	...	206
„ „ Profit and Loss Account	...	...	...	206
„ „ Trading Account...	...	...	...	206
„ Cost Ledger	...	...	...	166, 200
„ Invoice	...	...	...	94
„ Journal	37, 45, 54, 109, 138, 182, 185, 204, 223			
„ „ for opening Ledger of a company	...	...	...	182
„ „ „ Self-balancing Ledger	138, 184, 186			
„ Ledger	...	...	31, 39, 117, 188, 218, 220	
„ „ of a trader	...	...	...	117
„ Opening Balance Account	...	...	...	46, 48
„ Partnership Accounts	...	...	...	86, 125
„ Pay Sheet	...	...	...	161
„ Petty Cash Book	...	...	...	227
„ Profit and Loss Account of a company	...	...	...	206
„ „ „ „ trader	...	...	...	124, 125

<i>Pro formâ</i> Purchases Book	95, 195
„ Returns Book	109
„ Revenue Account	28
„ Sales Book	97
„ Share Ledger	176
„ Summary of Cost Ledger	200
„ Tabular Cash Book ... 76, 92, 108, 137,	226
„ „ Journal	223
„ „ Ledger	195, 220
„ Trading Account	93, 118, 119, 206
„ „ „ of a company... ..	206
„ Transfer Register... ..	177
„ Trial Balance	21, 27, 43, 50, 112
Property Account, Description of	14
Provision for bad and doubtful debts	228
„ „ depreciation	231
Purchases, Analysis of... ..	96, 98, 196
„ Book, Form of	95, 195
„ how dealt with	94, 195
Real Accounts defined	12
Reduction of company's capital	170, 235
Register of Transfers, <i>Pro formâ</i>	176
Relative advantages of English and Continental methods	55
Reserve Fund, how created	209
Returns Book, Form of... ..	109
„ how dealt with	98
Revenue Account explained	10
„ „ Form of	28
„ „ Preparation of	24, 54
„ expenditure	216
Sales, Analysis of	96, 98
„ Book, Form of	97
„ how dealt with	97
Self-balancing Ledgers, Advantages of	133
„ „ Description of	133, 136
„ „ Form of Cash Book for... ..	138
„ „ „ Journal for 139, 183, 185	

Share Ledger, <i>Pro formâ</i>	176
Shares in company, Allotment of	169, 174, 182, 235
„ „ Forfeiture of	170, 233
Single-Account System explained	211
„ „ <i>Pro formâ</i> Balance Sheet... ..	212
Stock Account (<i>vide</i> “ Trading Account.”)	
Stores Accounts	163
„ Ledger, Necessity for... ..	165
Suspense Account, Description of	115
Tabular Cash Book, <i>Pro formâ</i>	76, 84, 109, 137, 226
„ Journal „	223
„ Ledger „	195, 220
„ Petty Cash Book, <i>Pro formâ</i>	227
Trade Ledgers	193, 195
Traders' Accounts	73, 104, 117, 124, 126, 139
Traders, Form of Cash Book for	76, 84, 109
Trading Account, Description of	91, 113
„ „ Form of	92, 118, 119, 206
„ „ Method of closing	113
Transfer Register, <i>Pro formâ</i>	177
Trial Balance, Description of	21, 51
„ Form of	21, 27, 44, 52, 112
„ Object of	21
Wages Account	160

**CATALOGUE OF
ACCOUNTANCY
PUBLICATIONS.**

1913.

[EIGHTEENTH EDITION.]

LONDON:
GEE & Co. (PUBLISHERS) LTD.
34 MOORGATE STREET, E.C.

CATALOGUE OF
ACCOUNTANCY
PUBLICATIONS.

1913.

TEIGHTEENTH EDITION

LONDON:

GEE & CO PUBLISHERS LTD
34 MOORFATE STREET, E.C.

CATALOGUE OF ACCOUNTANCY PUBLICATIONS.

ACCOUNTANT, THE (Est. 1874). A weekly newspaper issued in time for Friday evening's mail. **The Accountant** is the recognised organ of Chartered Accountants and Accountancy throughout the world. It contains Leading Articles, Contributed Articles, Weekly Notes, Correspondence and Enquiries, Current Law, Reviews, Reports of Meetings of Societies of Accountants and Students' Societies, Scottish Notes, Lectures and Debates on Accountancy, Bookkeeping (with specimens of Accounts), Auditing, Liquidations, Bankruptcies, Receiverships, Company Law, Income Tax, &c. &c., as well as Law Reports of all Decisions of interest to Accountants as to Administration Cases, Arbitrations, Winding-up of Joint Stock Companies, Liquidations, Bankruptcies, Mercantile Law, and Partnerships; and is generally a complete record of all matters of interest to the Profession. New Volumes commence in January and July each year.

Single copies 6d. net, post free U.K. 6½d.; Abroad, 7d.

Subscriptions: Yearly, post free U.K. 24/-; post free, Abroad, 26/-; Half-yearly, U.K. 13/-; Abroad, 14/-.

Binding Covers issued for each half-yearly volume, half calf, gold-lettered, 2/6 net, post free U.K. 2/9; Abroad, 2/10.

Filing Cases for filing the weekly issues until volume is completed. 3/6 net, post free U.K. 3/11 (postage Abroad prohibitive).

Volumes, bound half calf, gold-lettered. Vol. X, 24/-; XI, £1 10s.; XII, XIII, 15/- each; XIV, 20/-; XV—XVIII, 15/- each; XIX—XXI, 14/- each; XXII, 26/-; XXIII—XXIV, 14/- each; XXV, 30/-; XXVI, 40/-; XXVII, 50/-; XXVIII, 28/-; XXIX, 20/-; XXX—XLVII, 14/- each, net, post free U.K. (Prices of Vols. I-X on application.)

ACCOUNTANTS' JOURNAL, THE (Est. 1883). A monthly newspaper, issued on the 1st of the month.

The general contents of the paper are designed more especially to meet the requirements of Accountant Students, though the practitioner is by no means overlooked. A concise summary is given of the effect of all the Important Legal Decisions of the preceding month, Articles, Notes, Correspondence, Reviews and Prize Competitions appear in each issue together with Lectures delivered to the various Students' Societies, and the reports of their meetings. The new Volume commences in May each year.

Single copies 9d. net, post free, 10d.

Subscriptions: Yearly, post free U.K. 7/6; post free Abroad, 8/6.

Binding Covers issued for each Yearly Volume, half calf, gold-lettered, 2/6 net, post free U.K. 2/9; Abroad, 2/10.

Filing Cases for keeping unbound copies until the completion of the volume. 1/- net, post free U.K. 1/4 (postage abroad prohibitive).

Volumes, bound half calf, gold-lettered I—XII 7/6 each, (except Vols. III and VI, 10/- each), XIII to XXIX, 8/6 each (post free U.K.).

GEE & Co. (Publishers) Ltd., 34 Moorgate Street, London, E.C.

ACCOUNTANTS' LIBRARY, THE.

Consists of a series of 51 handbooks, each separate volume of which deals with a complete system of Bookkeeping suitable for the particular business described, together with a complete set of *pro forma* Accounts. Most of the volumes are published at a uniform price of 3/6 net, but in the case of a few larger volumes the price is 5/-, 7/6, and 10/6. To Subscribers these are published at the special rates of 2/6, 3/9, 5/-, and 7/6. Subscriptions can still be received at this reduced rate for Vols. I to XX, XXI to LI, or the whole of the volumes of the Series. A list of the Volumes, together with the subscription rates, will be found on pp. lxvii.-lxx. of this Catalogue.

ACCOUNTANT'S & BOOKKEEPER'S VADE-MECUM.

(See *Vade-Mecum*, p. 43.)

ACCOUNTANTS' ASSISTANT.

(140 pp. 8vo.) By **Thomas Beckett**. A Bibliography of Accountancy: being an Index to the Accountancy Lectures and Leading Articles printed in *The Accountant*, *The Accountants' Journal*, *The Transactions* of the various Students' Societies, and other periodicals, during the last thirty years of the Nineteenth Century, to which is added a List of the principal Treatises now in use on each of the 117 subjects affecting Accountancy.

Net price (post free U.K.) 6/-; Abroad 6/8.

ACCOUNTANTS' CODE.

A short, but sufficiently complete Telegraphic Code to be used by principals and clerks when desiring to communicate with each other by telegraph. Arranged to be affixed inside the Audit Note Book.

Net price (post free U.K.) 5/- per dozen; Abroad, 5/5 per dozen.

ACCOUNTANT'S COMPENDIUM.

(4th Ed., 749 pp., 4to.) By **S. S. Dawson, M.Com., F.C.A.** A complete Lexicon for Accountants, containing some 1,500 articles upon subjects of general interest not only to the professional Accountant, but also to Chief Clerks, Secretaries, and others holding responsible positions in mercantile concerns. It is estimated that about 20,000 distinct points which are constantly arising in the practice of an Accountant have been dealt with in this Edition, and all references and authorities are quoted in the text. The following subjects dealt with will give some idea of the scope of this work:—Accountancy (generally). Actuarial Matters. Administration of Assets. Administrators. Agency. Apportionment. Arbitrations and Awards. Arithmetical Questions. Arrangements with Creditors. Auditing. Banking. Bankruptcy. Bills of Exchange. Bills of Sale. Bookkeeping. Branch Accounts. Building Societies. Capital and Income Questions. Carriage. Cheques. Company Law and Practice (Formation, Management, and Winding-up). Contracts (generally). Contributory. Death Duties. Debentures. Deeds of Arrangement. Departmental Accounts. Depreciation. Directors. Economic Questions. Equation of Payments. Executorship Accounts. Executorship Law. Factors. Foreign Exchanges. Goodwill. Guarantee. Hire-Purchase Agreements. Income Tax. Infant. Insurance. Interest (Questions involving). Investigations. Land Taxes. Lien. Limitation of Actions. Liquidators. Manufacturers' Accounts. Mercantile Law (generally). Municipal Finance. Official Receivers. Partnership. Pledge. Profit. Profit and Loss Account. Profits Available for Dividend. Promissory Notes. Receivers. Reserves and Reserve Funds. Sale of Goods. Savings Banks. Secretarial Matters. Self-Balancing Ledgers. Shipping. Single and Double Account. Single and Double Entry. Sinking Funds. Slip Bookkeeping. Stock Exchange Terms. Stock-in-Trade (Questions affecting). Trustees. Trustees in Bankruptcy. Wills.

Net price (post free U.K.) 25/-; Abroad, 26/8.

ACCOUNTANTS' DIARIES, THE.

Eight Editions Annually. All editions (except No. 3) contain a **Complete Directory of Accountants** throughout the world, together with special information for Accountants, including extracts from Statutes and Rules relating to Building Societies, Companies, Trustees in Bankruptcy and under Deeds of Arrangement, and the Audit of Accounts of various bodies, &c. (in so far as they affect accountants), and other useful information.

No.			Net Price (Post	Post Free,
			Free U.K.)	Abroad.
No. 1.	One day on each page, with all information.	Foolscap folio, bound in cloth.	8/-	Too heavy.
No. 2c.	Two days on each page, with all information.	Foolscap folio, bound in cloth.	5/-	6/4
No. 2.	Two days on each page, with all information.	Foolscap folio, bound in boards.	3/6	4/8
No. 3.	Three days on each page, without <i>Directory or information</i> .	Foolscap folio, bound in boards.	1/6	2/4
No. 3a.	Three days on each page, with all information.	Foolscap folio, bound in boards.	2/-	2/10
No. 4.	One day on each page, with all information.	Medium 8vo, bound in cloth.	5/-	5/10
No. 4f.	One day on each page, with all information. (ruled feint for hours engaged).	Medium 8vo, bound in cloth.	5/-	5/10
No. 5.	Two days on each page, with all information.	Medium 8vo, bound in cloth.	2/6	3/-

Nos. 1, 2c, 2, 3, and 3a, are specially ruled for accountants with columns headed "Estate and Hour of Appointment," "Posting Folio," "Particulars," and "Hours Engaged." Copies can be obtained interleaved with blotting paper at an extra cost of 2/- each for No. 1; 1/6 each for Nos. 2, 2c, 4, and 4f; and 1/- each for Nos. 3, 3a, and 5. A Ledger Index is included in No. 1 Edition and can be supplied in the other Editions at an extra cost of 6d.

*. The above Diaries are also published in Loose leaf form. A special prospectus will be sent on application.

THE ACCOUNTANT'S POCKET DIARY AND REFERENCE BOOK.

(234 pp., 6in. x 4in.) Compiled by **R. Duncan French** and **A. L. Gee**. Summary of Contents: Calendars—Perpetual Calendar—Notable Dates—Diary Table—Postal Information, Inland and Foreign—Foreign Money Tables and English Equivalents and Conversion Tables—Decimalization of £1—Exchange Tables—Cardinal Numbers in different Languages—Weights and Measures, British, Foreign, and Colonial—The Metric System—Metric Conversion Tables—Sizes of Printing Papers, Books, and Types—Mensuration Formulæ—Bank Rate of Discount—Average ditto—Income Tax Rates—Table of Company Fees—Hours at Somerset House—Company Statutory Requirements—Stamp Duties, &c.—Time for Stamping Documents—Company and Bankruptcy and Deeds of Arrangement Time Tables—Trustee Securities with Transfer and Dividend Days—Judges: England and Scotland—Intestates' Estates—Professional Fees (Accountants, Architects, Auctioneers, Stockbrokers, &c.)—Solicitor's Costs for Conveyancing—Life Assurance Rates—Rates for Annuities—Fire Insurance Rates—Expectation of Life—Tables of Simple Interest, Compound Interest, Present Value of a Lease or Annuity, Yield per cent. of Investments, Discounts, Wages and Salaries, Leasehold or Sinking Fund Assurances, Fine on Renewing Lease, Building Society Reducing Mortgage, Con-

tributions under Compensation Act, 1904—Directory of Professional Societies and Students' Societies—The Census 1911—Memoranda—Telephone Numbers and Telegraphic Addresses—Personal Memoranda—Diary (a week to an opening)—Memoranda—Index.

Price 2/6 net, post free U.K. and Abroad, 2/8.

A Loose-leaf Edition of the above can be supplied as follows :—

No. 63. Complete with loose-leaf cover and 100 extra blank leaves, 7/6 post free, U.K. ; Abroad, 8/-.

No. B63. If fitted with strap and button, and containing pockets for cards, stamps, &c., 10/6 post free U.K. ; Abroad, 11/-.

Refills of the Pocket Diary in loose leaves, price 2/6. Abroad 2/8.

A thicker loose-leaf book can be supplied holding double the number of leaves, price (including Pocket Diary) **No. 663**, including 100 loose leaves, 9/6 post free U.K. ; Abroad, 10/- **No. B663**, ditto, with band and button, and pockets for cards, stamps, &c., 12/6, post free U.K. ; Abroad, 13/-.

Extra packets of 100 leaves (supplied in nine different rulings), rod. ; post free U.K., 11d. Abroad 1/- ; Index, 8d. ; post free 9d., Abroad 10d.

Transfer Cases to take sheets already used, or not immediately required, prices and capacity :—**No. 6** ($\frac{1}{2}$ ") 1/6. **No. 61** ($\frac{3}{4}$ ") 1/9. **No. 62** (1") 2/- **No. 63** ($1\frac{1}{2}$ ") 2/3. Postage extra.

ACCOUNTANTS' MANUAL.

A most valuable fund of information concerning various points of Practice and Law relating to the Profession is contained in the Questions and Answers of the Institute Examinations. The eleven Volumes already issued under the above title comprise the back parts of the Questions and Answers, with copious and carefully prepared Indices. By this means an extremely valuable mass of information is available to the Student for Examination purposes, and to the practitioner. The Examination Questions and Answers included in the Volumes cover the following periods :—

Vol. I. Dec. 1884 to June 1887	Vol. VII. Dec. 1898 to June 1900
„ II. „ 1887 to „ 1890	„ VIII. „ 1900 to „ 1902
„ III. „ 1890 to „ 1892	„ IX. „ 1902 to „ 1904
„ IV. „ 1892 to „ 1894	„ X. „ 1904 to „ 1906
„ V. „ 1894 to „ 1896	„ XI. „ 1906 to „ 1908
„ VI. „ 1896 to „ 1898	„ XII. „ 1908 to „ 1910
Vol. XIII. Dec. 1910 to May 1912	

The Questions and Answers published after the last date mentioned will form the succeeding Volumes, which it is proposed to issue every other year.

Thirteen Volumes have already been issued, net price (post free, U.K.) 7/6 each ; Abroad, 8/4 each, or the set of thirteen Volumes 78/- post free, U.K. ; 86/8 post free, Abroad.

Also issued in parts every June and December, net price 1/6 each, post free, U.K. or Abroad, 1/7. To those who have purchased the parts as and when issued the Indices can be supplied separately, price 1/- each.

Subscriptions, post free, U.K. or Abroad, 3/- per annum. This subscription includes 2 parts and the index issued biennially.

ACCOUNTANTS' TIME BOOK AND CLIENTS' LEDGER, COMBINED.

(Large post folio.) Designed by **H. W. Hazlehurst, A.C.A.** The Author believes the above meets a distinct want in Accountants' offices, *obviating the use of Ledger Accounts*, both for time spent on clients' behalf and for the resulting charges. One line (only) devoted to each Stocktaking. "Fees by Scale" are set beside "Actual Fees," with space for record of sending in the bill, and of payment received. (Specimen entries shown.)

40 pp., **3/6** net. Post Free U.K. **3/9**; Abroad, **3/10**.

100 pp., **6/6** net post free U.K.; **7/-** net post free Abroad,

ACCOUNTANCY PROBLEMS,

with Solutions by **L. Greendlinger**. (330 pp., 8vo.) Contains Problems on the Adjustment of Partnership Accounts, Practical Accountancy, Theory of Accounts, Auditing, Commercial Law, with Solutions and Notes, and Questions set at the C.P.A. Examinations.

21/6 net. Post free U.K. **21/10**; Abroad **22/6**.

ADVANCED ACCOUNTING.

(4th Ed., 520 pp., 4to.) By **Lawrence R. Dicksee, M.Com., F.C.A.** This work will be found of the greatest value to Candidates for the Final Examination of the Institute, and to all serious Students of Accounts. In addition to an exhaustive treatment of the subject from an Accountant's point of view, an Appendix is included, which has been written by **J. E. G. DE MONTMORENCY, B.A., LL.B. (Cantab)**, of the Middle Temple, Barrister-at-Law, dealing with the law relating to Accounts, and the requirements of the Courts and of lawyers in connection therewith. The following matters dealt with (to each of which a chapter is devoted) will give some idea of the scope of the work:—Introduction—Capital and Revenue—Organisation of Accounts—Methods of Balancing—Branch Accounts, &c.—Tabular Bookkeeping—Stock Accounts and Store Accounts—Partnership Accounts—Company Accounts—Vendors' Accounts—Executors' Accounts—The Double-Account System—Income-Tax—Bankruptcy and Insolvency Accounts—Liquidation Accounts—Reconstructions and Amalgamations—Falsified Accounts—Bookkeeping without Books—Cost Accounts—Depreciation, Reserves, Reserve Funds and Sinking Funds—Payments by Instalments and Interest—The Form of Published Accounts—The Criticism of Accounts—Miscellaneous Problems in Accounts—Periodical Returns—Accounts for Litigation.—The Law Relating to Accounts—Miscellaneous Questions on Accounts.

Net price (post free U.K.) **21/-**; Abroad, **22/6**.

AGRICULTURAL ACCOUNTS.

(Vol. IV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 126 pp., 8vo.) By **T. W. Meats** (Incorporated Accountant). This work contains a complete system of Bookkeeping and Forms of Account, arranged specially to suit the requirements of Agriculture; and also a Specimen Set of Entries covering the transactions for One Complete Year. The application of Cost Accounts to the transactions is also dealt with, and provides for Departmental Profit and Loss Accounts. A separate section of the work deals with Income-Tax as relating to Agriculture. **5/-** net. Post free U.K. **5/4**; Abroad, **5/7**.

ANTE AUDIT.

(44 pp., 6½ in. by 4 in.) A concise Booklet of Rules and Instructions intended to be given by the Auditor to the Bookkeeper in order to facilitate the Auditing of the Books. Arranged in alphabetical order.

	Net price.	Post free U.K.	Abroad.
Per copy	1/0	1/1	1/1
Per half doz.	5/6	5/6	6/-
Per doz.	10/0	10/0	10/8

AUCTIONEERS' ACCOUNTS.

(Vol. II of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 90 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** Describes fully a System of Accounts suitable for Auctioneers, Valuers, and Estate Agents. Divided into Three Parts:—(1) General description of Books required and the method of keeping them. (2) Full Set of *pro forma* Accounts. (3) Miscellaneous information as to Licences, Scales of Charges, Conditions of Sale, &c.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

* * 3rd Edition in the Press.

AUDITING

(9th Ed., 1026 pp., 8vo.) A Practical Manual for Auditors. By **Lawrence R. Dicksee, M.Com., F.C.A.** This well-known textbook (of which upwards of 15,000 copies have been sold during the past 20 years) has been *carefully revised and brought up to date*. It is thoroughly comprehensive and reliable. As before, it contains copious extracts from all *Acts of Parliament* affecting the subject, and detailed reports of all the leading *Legal Decisions* to date. In addition to being indispensable to Practitioners and Accountant Students, the work is invaluable to Directors, Shareholders, and all Business men. The present edition has been issued at *half the price* of the preceding edition, to meet the views of those desirous of securing a work of admitted authority at a popular price.

The following is a summary of the contents:—Introductory; Auditing up to the Trial Balance (pp. 1-40)—Methods of Account suggested in the course of Audit (pp. 41-69)—Special Considerations in Different Classes of Audits (pp. 70-189)—From Trial Balance to Balance Sheet (pp. 190-248)—Forms of Accounts and Balance Sheets (pp. 250-285)—What are Profits? (pp. 286-303)—The Attitude of the Auditor (pp. 304-334)—The Liabilities of Auditors (pp. 335-370)—Investigations (pp. 371-393)—Income-Tax (pp. 394-406)—Appendix A (Extracts from Statutes, &c.) (pp. 417-678)—Appendix B (Legal Decisions) (pp. 679-992)—Appendix C, Extract from "Tretyce off Husbandry" (pp. 996-998)—Appendix D, Depreciation Tables (pp. 999-1002)—Index (pp. 1003-1016).

10/6 net. Post free U.K. 11/-; Abroad, 12/-.

AUDIT MEMORANDA.

(12 pp., 8vo.) By **Andrew Binnie, C.A., F.C.A.** This booklet which is of the nature of an "Aid to Memory," is intended to be complimentary to the ordinary detailed Audit Programme. It indicates the leading points to which the Auditor should direct his attention, when, with the Balance Sheet before him, he is finally completing an Audit. Space is left for the insertion of such further points as may arise in special matters. The Memoranda are divided into two parts viz.:—1. Preliminaries to commencing detail work of a Company Audit; or, as far as is applicable, the Audit of a Statutory Report, 2. Points to be looked into when completing an Audit.

1/- net. Post free U.K. and Abroad, 1/1.

AUDIT NOTE BOOKS.

No. 1 (26 pp., 8 in. by 4 in.). Sixth Edition. Suitable for a Monthly Audit.

No. 2 (26 pp., 8 in. by 4 in.). Sixth Edition. Suitable for a Quarterly or Half-yearly Audit.

(Name and address printed free on covers on orders of 100 copies.)

	Net price.	Post free U.K.	Abroad.
Single copies	-/6	-/7	-/7
Per dozen	5/-	5/-	5/9
Per 100	40/-	40/-	44/8

No. 3 (150 pp., 12½ in. by 4 in.). For Important Audits.

(Name and address printed free on covers on orders of 50 copies.)

	Net price.	Post free U.K.	Abroad.
Per copy	2/-	2/3	2/3
Per dozen	20/-	20/-	22/8
Per 50	70/-	70/-	85/-
Per 100	110/-	110/-	130/-

AUDITORS, SUMMARY OF LEGAL DECISIONS AFFECTING.

(40 pp., 8vo.) By **H. G. Cocke, A.C.A.** A pamphlet, summarising the leading cases affecting Auditors.

1/- net. Post free U.K. and Abroad, 1/2.

AUDITS.

(2nd Ed., 200 pp., 8vo.) By **Arthur E. Cutforth, A.C.A.** This work describes, within the limits of a book of moderate size, the main duties of Auditors, and the principles affecting their work. Regard has also been had to the needs and requirements of Students for Examinations, in the choice and treatment of the subjects dealt with. The following is a summary of the contents:—Preface—Auditor's Duty with regard to various items of Profit and Loss, &c.—Auditor's Duty with regard to various Balance Sheet items—Programmes of Audits of various kinds—Specimens of Accounts of Various Concerns—Forms of Auditor's Certificate under Different Acts—Provisions of the Companies Acts relating to Auditors—Legal Decisions affecting Auditors—Miscellaneous Representative Examination Questions Answered and Discussed, &c. &c. Net price (post free U.K.) 6/6; Abroad, 7/2.

* * 3rd Edition in the Press.

AUSTRALIAN MINING COMPANIES' ACCOUNTS.

(Vol. XVI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (86 pp., 8vo.) By **D. Godden, F.F.I.A., Aust.** and **Wm. N. Robertson, F.F.I.A., Aust.** This volume deals very fully with all classes of Mining Companies' Accounts, as usually kept in Australia, and contains a complete description of the Laws of the various States relating to the subject. 3/6 net. Post free U.K. 3/9; Abroad, 3/10.

BAKERS' ACCOUNTS.

(Vol. L of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (120 pp., 8vo.) By **F. Meggison**, Chartered Accountant. A complete System of Bookkeeping for Bakers, with additional Chapters on Income Tax, Branch Shops, and Bakehouse Accounts. Synopsis: Introduction—Opening the Books—The Baker and his Creditors—The Baker and his Customers—The Baker and his Cash—The Journal—Impersonal and Private Ledgers—Balancing the Books—Trading and Profit and Loss Accounts, and Balance Sheet—Wages—The Treatment of Sacks—Depreciation—Bookkeeping for Small Bakeries—The Baker as Taxpayer—The Accounts of Branch Shops—A System of Bakehouse Accounts—Additional Books required by a Limited Company—An alternative ruling for the Customers' Ledger.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

BALANCE SHEET OF A COMMERCIAL CONCERN, HOW TO READ THE.

(3rd Ed., 64 pp., Demy 8vo.) By **F. W. Pixley, F.C.A.**, Barrister-at-Law. This book has been written to show Shareholders, Financial Experts, and others, how to understand this complicated subject, and deals with "Working Capital," "Fixed Capital," and the Gauging of the Position of a Company from its certified Balance Sheet. While the most inexperienced will derive some benefit from the perusal of its pages, it has not been written solely for them, but is also intended for those who possess some knowledge of Bookkeeping and Accounts, and it is hoped that such will find some useful hints which will better enable them to criticise a strange Balance Sheet, whether they may receive it in their capacity as shareholder, intending investor, or even for the purpose of writing an article thereon in the financial columns of a newspaper.

1/6 net. Post free U.K. and Abroad, 1/9.

BANK BOOKKEEPING AND ACCOUNTS.

(Vol. I of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (3rd Ed., 169 pp., 8vo.) By **John A. Meelboom**, Chartered Accountant, and **Chas. F. Hannaford**. A concise Treatise, showing the application of the principles of Bookkeeping to the record of Banking transactions. With about 40 Forms, indexed fully, and complete even to posting folios, enabling the reader to instantly trace the history of any transaction through the entire system of Accounts. The examples given are not special to any one Bank, but the facts have been gathered from many different sources, so as to give the greatest possible information. A Glossary of Banking and Commercial Terms is appended, legal definitions being given as frequently as possible.

5/- net. Post free U.K. 5/4 ; Abroad, 5/8.

BANKRUPTCY.

(2nd Ed., 286 pp., 8vo.) By the late **T. M. Stevens, D.C.L.**, Barrister-at-Law. Second Edition revised by **F. N. Keen**, Barrister-at-Law. A work designed more especially for the use of those acting as Trustees in Bankruptcy, or otherwise engaged in the practical work of administration in bankruptcy matters. The author's aim has been to produce a book which, though not attempting the exhaustiveness or minuteness of the leading authorities (*Williams' Bankruptcy Practice* and *Robson on Bankruptcy*), should yet follow on their lines, and be an accurate and reliable text-book of the law, far removed from the popular handbook class of literature.

Net price (post free U.K.) 7/6 ; Abroad, 8/2.

** 3rd Edition in the Press.

BANKRUPTCY AND COMPANY TIME TABLES.

(16 pp., 8vo.) Useful Time Tables of some of the principal matters in connection with Bankruptcy and Deeds of Arrangement, and of the steps in a Company Liquidation. In pamphlet form: 6d. net. Post free U.K. and Abroad, 7d.

The Company Liquidation and Bankruptcy Time Tables are also published in map form, 6d. net. Post free U.K. and Abroad, 7d. each.

BANKRUPTCY, LEXICON FOR TRUSTEES IN.

(See Lexicon, p. 30.)

BANKRUPTCY TRUSTEE'S ESTATE BOOK, THE.

(2nd Ed., 84 pp.) Compiled by **L. R. Dicksee, M.Com., F.C.A.** This book contains the whole of the information likely to be required by Trustees in Bankruptcy in such a form that in conjunction with the "Record Book" it provides a complete statement of all the facts relating to any particular estate, entirely doing away with the necessity for memoranda and loose sheets, which are so frequently lost.

	Net price.	Post free U.K.	Abroad.
Each	4/-	4/4	4/5
Per doz.	40/-	40/-	45/-

BOOKKEEPING AND ACCOUNTS.

(2nd Ed., 900 pp., Crown 8vo.) By **L. Cuthbert Cropper, F.C.A.** This work covers the whole field of practical Bookkeeping, Accounting, and Banking. It includes a very large number of Test Questions, with answers prepared by the Author, and many pages of Examination Papers set by all the important educational bodies examining in this subject. The book as a whole is the outcome of the Author's experience as an Examiner, Lecturer, and Accountant in large practice. It fully explains the **NEW ASSURANCE ACT, 1910**. The chapter dealing with Assurance Accounts extends to 43 pages, and will be found to convey an accurate and lucid explanation of the system of Bookkeeping employed in Assurance Offices, the way the annual accounts are compiled, and the new form in which they must be presented. There is also a chapter dealing with **INCOME TAX**; a chapter of 26 pages on **BANK ACCOUNTS**; and one of 62 pages dealing with the **FORM OF PUBLISHED ACCOUNTS**. The examples selected cover a wide field, including the Accounts of Water and Gas Undertakings, and to each set of accounts explanatory and critical notes are appended. Special advice and instructions from an Examiner's point of view are given throughout the book. There is a most complete index, extending to 20 pages. The style of writing is particularly simple and lucid.

3/6 net. Post free U.K. 3/10; Abroad, 4/1.

BOOKKEEPING, ELEMENTARY.

(48 pp., 8vo.) By **W. G. Day**, Chartered Accountant. A suitable Elementary Text Book for Students.

1/- net. Post free U.K. and Abroad, 1/2.

BOOKKEEPING, ELEMENTS OF.

(70 pp. and 9 diagrams, 8vo.) By **T. E. Streeter**. For use in Schools.

1/6 net. Post free U.K. and Abroad, 1/9.

BOOKKEEPING EXERCISES.

(3rd Ed., 96 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** This book consists of a series of 100 Exercises, with skeleton Answers, specially compiled to form a graduated and comprehensive course of instruction for the Bookkeeping Examinations of the Institute of Chartered Accountants.

3/6 net. Post free U.K. 3/9; Abroad, 3/11.

BOOKKEEPING FOR ACCOUNTANT STUDENTS.

(7th Ed., 260 pp., 8vo.) By **Lawrence R. Dicksee, M.Com., F.C.A.** This work, first published twenty-one years ago, may be regarded as the standard work on the subject. It is the first text-book that every Accountant Student should read.

Part 1.—Deals with the theory of Double-Entry Bookkeeping as applied to Non-Commercial Undertakings, and explains the difference between the English and Continental methods.

Part 2.—Deals with the Accounts of Traders, and fully explains Consignment Accounts, Sectional Balancing, etc.

Part 3.—Deals with the Accounts of Manufacturers and Joint Stock Companies, and explains the principles of Cost Accounts, the Double-Account System, and many other matters.

Price 5/- net; Post free U.K. 5/4; Abroad 5/9.

BOOKKEEPING FOR BEGINNERS.

(45 pp., 8vo.) By **G. W. Wheeler, A.K.C.**, Incorporated Accountant. A new text-book equally suitable for self-instruction or for use in Schools. The principles of "Double-entry" are explained, with Illustrations and Exercises, but without the confusing effect of subsidiary books until considerable progress is made.

1/6 net. Post free U.K. and Abroad, 1/8

BOOKKEEPING FOR COMPANY SECRETARIES.

(4th Ed., 192 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** The subject of Bookkeeping in relation to Joint Stock undertakings is very fully dealt with. A certain amount of preliminary knowledge of the Elements of Bookkeeping is assumed. The following matters, amongst others, are fully dealt with:—Accounts of Companies—Adjustment Accounts—Accounts of Branches—Tabular Bookkeeping—Organisation of Accounts—Balancing Accounts—Applications, Allotments, &c.—Reserve Funds, Depreciation, &c.—Profits, Dividends, Income Tax, &c.—The Companies Acts.

The Appendices comprise Examination Questions and Answers, and the Institute of Secretaries' Examination Papers.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

BOOKKEEPING FOR EXECUTORS AND TRUSTEES.

(82 pp., 8vo.) By **T. Whitem Hawkins**, Chartered Accountant. The purpose of this handbook is to set forth the simplest system of Bookkeeping for Executors, Trustees, and Administrators, compatible with a clear and accurate presentment of their transactions. With a complete set of *pro forma* Accounts.

3/6 net. Post free U.K. 3/9; Abroad, 3/11.

(For other books on this subject see under *Executorship Accounts*.)

BOOKKEEPING FOR RETAIL TRADERS.

(76 pp., 8vo.) By **James Findlay**, Chartered Accountant. A simple system of Bookkeeping, illustrated by a complete set of *pro forma* Accounts.

3/- net. Post free U.K. and Abroad, 3/3.

BOOKKEEPING FOR TECHNICAL CLASSES AND SCHOOLS.

(110 pp., 8vo.) By **Geo. F. Clarke, A.S.A.A.** A Practical Elementary Treatise on Double Entry Bookkeeping.

2/6 net. Post free U.K. 2/9; Abroad, 2/10.

BOOKKEEPING, MODERN. THE PRINCIPLES OF

(152 pp. 8vo.) By **W. R. Hamilton, F.C.A.** This book does not profess to deal exhaustively with the subject of Bookkeeping as an art, attention being concentrated on its spirit, rather than on its form. All systematic bookkeeping is based on a principle, but on one which modern abbreviations necessarily tend to obscure. The book is an attempt to set forth this principle, and to show that, however obscured it may be, yet it exists, and must be thoroughly grasped by anyone who would become proficient in the art. Such forms as are employed are used only to illustrate the text—they are not given as dogmatic instances of how any particular bookkeeping problem should be solved. The principle is explained and insisted upon, and it is left to the reader, or his teacher, to apply this principle in any desired direction. Synopsis:—PART I—The principle of Double-Entry as applied to ordinary Bookkeeping. Introductory—Books in everyday use briefly described: Day Book, Invoice Book, Cash Book, Ledger—The Principle of the Journal Entry—The Application of the Journal Entry to a Series of Transactions—Some Disadvantages of the old style of Double-Entry: How it has been Simplified—The place of the Journal in Modern Bookkeeping—Some Special Possible Abbreviations—Real and Nominal Accounts—The Trial Balance—The Balance Sheet: Preliminary Work—The Balance Sheet (*continued*): The Closing of the Books—The Balance Sheet (*concluded*): Formal Accounts, Capital Accounts, &c. PART II: The Application of the Principle in Special Cases—Columnar Books: What Books constitute a Set?—Petty Cash Book: What Items go into the Invoice Book?—Branch Accounts: Foreign Currency—Sectional Balancing, Company and Partnership Bookkeeping, Departmental Accounts, Cost Accounts, Suspense Accounts, Stock Accounts—Conclusion.

3/6 net. Post free U.K. 3/10; Abroad, 4/-

BOOKKEEPING, THE PRINCIPLES OF.

(116 pp., 8vo.) By **J. A. Carlill, F.C.A.** A short treatise on the subject.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

BOOKKEEPING.

(2nd Ed., 460 pp., 8vo.) By **Gerard van de Linde, F.C.A.** Being a reprint of the seven following works by this author:—I.—Bookkeeping, in four Parts. II.—A Merchant's Office. III.—A Merchant's Accounts. IV.—Company Work. V.—Collieries. VI.—Secretarial. VII.—The Audit of Banks and Mercantile Firms, together with a Glossary of the principal Mercantile Terms in general use. A practical treatise of universal utility to everyone connected with the Accounts of Banks, Mercantile Firms, Joint Stock Companies, and other important Financial Institutions.

Net price (post free U.K.) 7/6; Abroad, 8/4.

BOOT AND SHOE COSTINGS.

(60 pp., 8vo.) By **Lawrance C. Headly, Chartered Accountant.** Deals fully with the Cost Accounts of a Boot and Shoe Factory and with the Periodical, Manufacturing, Trading, and Financial Statements. The first part describes a simple and practical system for checking costs in detail, and ascertaining the results of manufacturing, the profits and losses in connection with the working up and consumption of materials and in connection with wages—the items of prime cost. The second part deals with Trading, and the expenses of carrying on the business, and gives examples of periodical statements by means of which full information on every detail can be obtained.

2/6 net. Post free U.K. and Abroad, 2/9.

BRANCH ACCOUNTS.

(See Multiple Shop Accounts, p. 33.)

BREWERS' AND BOTTLERS' ACCOUNTS.

(Vol. XLIV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (200 pp., 8vo.) By **H. Lanham**, Chartered Accountant, with a chapter on the Licensing Act, 1904, by **W. C. Northcott**, Chartered Accountant. Synopsis:—Purchases, Goods-in, Order and Stock Books, and Bought Ledger—Sales, Goods-out, Cellar, and Delivery Books, and Sales Ledgers—Customers' Cask Ledgers and Cask Registers—Bottled Beer Accounts—Cash, Petty Cash, Bills Receivable, Bills Payable, and Wages Books—Journal and Rents Receivable Book—Subsidiary and Statistical Books—Impersonal and Private Ledger Accounts and Balance Sheet—Stocktaking—Audit—The Licensing Act, 1904, with the text of the Act. Net price (post free U.K.) 10/6; Abroad, 11/2

BRICKMAKERS' ACCOUNTS.

(Vol. XXXIV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (108 pp., 8vo.) By **W. H. Fox**. A complete handbook on the subject. Summary of Contents: Introduction—Descriptive Sketch of the Industry—Varieties in Manufacture—Two complete Sets of Accounts, including Balance Sheets, Profit and Loss Accounts, Percentage of Cost, List of Plant, Stock, &c.—Set of Specimen Books of Account, Contract Notes, Labour Sheets, &c.—Conclusion and Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/11.

BUILDERS' ACCOUNTS.

(Vol. III of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (3rd Ed., 96 pp., 8vo.) By **John A. Walbank**, Chartered Accountant. This work explains in a clear and lucid way the methods of keeping the books of a Builder and Contractor. It is so arranged as to meet the requirements of both the large and small builder. With a minimum of clerical labour, and in a simple form, the cost of each job, &c., can be readily ascertained. The records are so arranged as to allow of periodical Balance Sheets and Profit and Loss Accounts being quickly prepared, showing the cost of, and profit or loss on, each contract or speculative building.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

BUILDING SOCIETIES' ACCOUNTS.

(Vol. XXV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (116 pp., 8vo.) By **W. Colin Grant-Smith, LL.B.**, Chartered Accountant. For Permanent or Terminating Building Societies, but more especially adapted for Permanent Societies. Amongst the special features of this work are included:—Subscription Shares Table—Advanced Shares Table (four alternate)—Specimen Clauses of all matter that *must* be inserted in the Rules of a Society—Extracts from the Building Societies Acts relating to Accounts, Audit, &c.—Specimen Forms of Pass Book, Register of Members, Application for Shares, &c. &c.—Copies of all Memoranda and Forms (now in use) issued from time to time by the Registrar. The System here recommended is so concise that the position of the Society at any time may be ascertained in a few minutes. This is especially valuable where it is desired to present to the Board of Directors Monthly, Fortnightly, or even Weekly Statements. 3/6 net. Post free U.K. 3/9; Abroad, 3/10.

BUILDING SOCIETY TABLE AND LOAN CALCULATIONS.

(18 pp., 8vo.) By **George Johnson, F.S.S., F.C.I.S.** A pamphlet.
1/- net. Post free U.K. and Abroad, 1/1.

CHARTERED ACCOUNTANT IN SOME ADMINISTRATIVE CAPACITIES, THE.

(20 pp., 8vo.) By **Andrew Binnie, F.C.A. C.A.** A paper dealing mainly with the Chartered Accountant as Receiver and Manager for Debenture-holders.

6d. net. Post free U.K. and Abroad, 6½d.

CHARTERED ACCOUNTANTS' CHARGES AND THE LAW RELATING THERETO.

(3rd Ed., 256 pp., 8vo.) By **F. W. Pixley, F.C.A.,** Barrister-at-Law. The Author states what his experience leads him to consider are the usual Charges amongst Chartered Accountants with regard to Auditing, Investigations, Liquidations, Receiverships, Administrations, Trusteeships in Bankruptcy and under Deeds of Assignment, Trusteeships for Debenture-holders, Arbitrations, together with Tables for calculating Charges from one hour to one hundred days. The Law relating to the subject is dealt with, and a number of decided cases have been added. Net price (post free U.K.) 10/6 ; Abroad, 11/5.

CHECK FIGURE SYSTEMS, ELEMENTARY TREATISE ON.

(24 pp., 8vo.) By **G. H. Hay, C.A.** A pamphlet.

6d. net. Post free U.K. and Abroad, 7d.

CHECK FIGURE SYSTEMS, PRINCIPLES OF.

(165 pp., 8vo.) By **G. H. Hay, C.A.** A complete treatise on the subject for Accountants and Bookkeepers, with numerous devices for quickly obtaining the Check-figure of Pounds, Shillings, and Pence, or Decimal Coinage from five selected base numbers, and special hints for discovering errors.

Net price (post free U.K.) 7/6 ; Abroad, 8/-.

CLUB ACCOUNTS AND THEIR CONTROL.

(95 pp., 8vo.) By **Harold Tansley Witt, F.C.A.** This book will be of great value to members of the Accountancy Profession who are called upon to institute a system of Club Accounts, and also to Secretaries of Clubs and their Committees. It is based upon systems in everyday use, and from which most excellent results are obtained. The legal aspect has been dealt with by Mr. **Percy M. Burton**, of the Inner Temple, Barrister-at-Law, and in the Appendix will be found sections of the Licensing Consolidation Act, 1910, and the Finance (1909-10) Act, 1910, affecting Clubs. Contents:—Introduction—General Principles — Subscriptions — Provisions — Cellar Stocks, &c.—Miscellaneous Revenue—Miscellaneous Expenditure—The Books of Account—Golf Clubs and Smaller Social Clubs—Working Men's Clubs—The Legal Position of Clubs. Appendix:—The Licensing (Consolidation) Act, 1910, Sections 91-98—The Finance (1909-10) Act, 1910, Section 48.

5/- net. Post free U.K. and Abroad, 5/5.

COLLIERY ACCOUNTS.

(Vol. LI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (130 pp., 8vo.)
 By **John Mann, Junr., M.A., C.A.**, and **Harold G. Judd, C.A.**
 This book is intended to assist in the modernisation and improvement of existing systems of Colliery Accounting as well as in the institution of a system from the beginning. The work describes first the bookkeeping necessary to record the mining and disposal of the coal; the next sections treat of Purchases, Stores, and Costs, with special reference to Depreciation; and a later chapter deals with several matters which are incidental, though not essential, to almost every Colliery business—such as the ownership of Depôts and Washers, Railway Wagons and Sidings, and Workmen's Houses. Special attention has been directed to the question of Depreciation, and to modern methods of recording and tabulating Mining Costs.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

COMPANIES ACT, 1907.

(40 pp., 8vo.) By **F. W. Le Blount Lean, F.C.A.** A Classified Abridgment of the principal provisions affecting Directors, Secretaries, and Auditors.

1/- net. Post free U.K. and Abroad, 1/1.

COMPANIES ACTS. THE DUTIES OF AUDITORS UNDER THE.

(66 pp., 8vo.) A Series of Articles reprinted from *The Accountant*.

1/- net. Post free U.K. and Abroad, 1/2.

COMPANIES (CONSOLIDATION) ACT, 1908, A PRACTICAL INDEX TO THE.

(60 pp., 4to.) By **A. Binnie, F.C.A., C.A.** This very complete Index is a Key to the contents of the 296 Sections into which the 1908 Act is divided. The details given as to the Statutory Duties cast upon Auditors, Directors, Liquidators, Receivers, Secretaries, and others; the Penalties incurred by neglect of same; the Rights of Creditors and Members; the Liabilities of Contributors; the requirements as to Prospectuses; and the many Returns to be filed with the Registrar, illustrate the practical nature of the contents.

3/6 net. Post free U.K. and Abroad, 3/8.

Also issued bound up with a King's Printers' copy of the Act.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

COMPANY LAW.

(76 pp., 8vo.) By **W. R. Willson, Barrister-at-Law.** Deals with the Acts of 1900 and 1907 in a systematic manner.

1/6 net. Post free U.K. and Abroad, 1/8.

* * * New Edition in the Press.

COMPANY (PRIVATE LIMITED).

(See Promotion and Accounts of a Private Limited Company, p. 36.)

COMPANY (PUBLIC LIMITED).

(See Promotion and Accounts of a Public Limited Company, p. 36.)

COMPANY SECRETARIES' BOOKKEEPING.

(See Bookkeeping for Company Secretaries, p. 12.)

COMPANY SECRETARY, THE.

(6th Ed., 468 pp., foolscap folio.) By **W. H. Fox**. Completely re-written and revised under the Companies (Consolidation) Act, 1908. This important Work contains a full description of the Duties of a Company Secretary, together with an Appendix of 350 pages of Forms and Precedents used from the Formation of a Company to its Winding-up. Each Form is filled in as it would be in actual use, and the result is a compendium of valuable information that entitles the book to rank as the Standard Work on Company procedure. The duties of the Company Secretary are fully explained in the letterpress portion, as also the use of the Forms in the Appendix. Every Form that can possibly be required finds a place. This Edition contains various Forms, &c., required in the Winding-up of Companies and also in connection with the Companies (Consolidation) Act, 1908.

Net price (post free U.K.) **25/-**; Abroad, **26/8**.

COMPANY WINDING-UP TIME TABLES.

(See Bankruptcy and Company Time Tables, p. 10.)

COMPENDIUM, ACCOUNTANT'S.

(See Accountant's Compendium, p. 4.)

COMPENSATION FOR MAN AND MAID.

(115 pp., 8vo.) By **Oscar M. Wihl, B.A., LL.B.** A full explanation of the Workmen's Compensation Act, 1906, with Tables and special chapters on Industrial Diseases, Seamen, and Domestic Service, together with the text of the Act briefly annotated.

2/- net. Post free U.K. **2/3**; Abroad, **2/4**.

CONTRACT, CHART OF THE LAW OF.

Compiled by **Robert W. Holland, M.Sc., LL.B., and R. C. Reynolds, A.C.I.S.** 6d. net. Post free U.K. and Abroad, **7d**.

CO-OPERATIVE SOCIETIES' ACCOUNTS.

(Vol. VI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 126 pp., 8vo.) By **F. H. Sugden**. Synopsis:—DISTRIBUTIVE SOCIETIES' ACCOUNTS—Shares, &c.—Small Savings (Penny Bank) Accounts—Cash Account—Trade Account—PRODUCTIVE SOCIETIES' ACCOUNTS—Shares, &c.—Manufacturing Department—THE AUDIT—General Considerations—Auditing—Systems of Check. (The Book, Eccles, Climax, and Leakage Systems are succinctly treated, the various forms being given, as far as possible, *in extenso*.)

5/- net. Post free U.K. **5/3**; Abroad, **5/6**.

COST ACCOUNTS.

(2nd Ed., 128 pp., 8vo.) By **L. Whitem Hawkins**, Chartered Accountant. An explanation of Principles and a Guide to Practice. Deals in a general way with the subject of Manufacturers' Cost Accounts. Summary of Contents:—Introduction—Direct Wages in the Cost Accounts—Wages in the General Accounts—Materials in the Cost Accounts—Materials in the General Accounts—Chargeable Expenses—The relationship between the Cost Accounts and the General Accounts—Indirect Charges and Oncost—How to Charge Oncost—Credits to Job Accounts—Completed Contracts and Sales in the General Accounts—Finished Stock in the Cost Accounts—The relationship between the Cost Accounts and the General Accounts further considered—Diagram illustrating the Double-entry Principle of the Cost Accounts and their relationship to the corresponding portions of the General Accounts—Closing the Cost Ledger—Comparing the Cost Accounts and the General Accounts—Stores Accounts—Further consideration of Materials—Further consideration of Oncost—Patterns, Designs, Moulds, &c.—Some Special Features—The Cost Ledger and Journal (some details)—Forms and Appendix. 5/- net. Post free U.K. **5/4**; Abroad, **5/7**.

COST ACCOUNTS FOR SMALL MANUFACTURERS

(56 pp., 8vo.) By **M. Webster Jenkinson**, Chartered Accountant.
A useful treatise containing numerous *pro forma* Accounts.

1/- net. Post free U.K. and Abroad, 1/2.

COST ACCOUNTS, WITH SPECIAL REFERENCE TO THOSE OF AN ENGINEER AND IRONFOUNDER

(2nd Ed., 125 pp., 8vo.) By **J. W. Best, F.C.A.** The title denotes "specialisation," rather than "generalisation," but as similar principles have to be applied to all "Cost" Accounts, whatever the nature of the business, the book will be found useful not only to those associated with Engineering and Ironfounding, but also to Practitioners, Students, and all who are interested in, or who may be called upon to design or carry out a system of Cost Accounts in connection with any other business. Since the 1st Edition was written, Loose-Leaf Ledgers and Card Systems have proved to be useful in certain cases, and a special chapter has been added on the Card System generally and as applied to Engineering and Foundry Costs.

5/- net. Post free U.K. 5/4; Abroad 5/7.

COST ACCOUNTS, MULTIPLE.

(Vol. XLII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (104 pp., 8vo.) By **H. Stanley Garry**, Chartered Accountant. This work illustrated with numerous *pro forma* Accounts and Charts, deals with the special Cost Accounts applicable to undertakings where a number of Products are involved bearing little or no apparent relation to each other in cost or selling price—such as Engineering specialities, Cycles, Hosiery, Boots, Furniture, Agricultural Implements—in which standardisation in parts is carried to a high degree of specialisation in manufacturing. Synopsis: Introductory—Organisation—Manufacturing Account—Purchases—Wages—Indirect Expenses—Stock—Departmental Units—Periodical Returns—Sale Units—Factory Units—Conclusion—Diagrams.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

COST ACCOUNTS, PROCESS.

(Vol. XLIX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (170 pp., 8vo.) By **H. Stanley Garry**, Chartered Accountant. The System of Costing described is applicable to Chemical Industries, Food Products, &c., in which conversion of material takes place, and there are principal and by-products, such as Farmers, Fellmongers, &c., and embodies an explanation and *résumé* of technical data which cannot fail to be of invaluable service to the Student of Process Accounting. Summary of Contents:—*Division I. Technical and Process Data*: Technical Data—Raw Material—Measurement of Solids—Liquids—Gases—Liquid Processes—Useful Tables. *Division II. Cost Grouping*. *Division III. Economics of Cost*: Transportation of Material—Standard of Output—Stocks and Stocktaking—Steam-Power and Coal—Depreciation of Plant in Chemical Industries—Diagrams and Charts—Periodical and Statistical Returns—Index.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

COST ACCOUNTS, SINGLE.

(Vol. XLVII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (150 pp., 8vo.) By **G. A. Mitchell**, Incorporated Accountant. This volume deals with undertakings possessing a natural unit of cost and measurement, such as Maltings, Breweries, Collieries, &c. The work, written on unconventional and up-to-date lines, consists of Six Sections, and includes many useful *pro forma* Balance Sheets, Manufacturing Accounts (showing "volume" of Output), Trading Accounts, Cost Sheets, Estimates, &c. I. Malting Accounts and Season's Estimates or forecast fully worked out and reconciled; Stock Checks, &c.—II. Engineering Business with a Standardised Output.—III. Brewing Accounts and Costings agreed with Consumption and Production records.—IV. Colliery Working Accounts and Weekly Cost Sheets adjusted.—V. Stocktaking; Principles underlying the Correct Survey and Valuation of Stocks.—VI. Card and Loose-leaf Records compared with book-recorded data. The systems outlined, whilst retaining thoroughness and efficiency in all essentials, are practical and inexpensive in their introduction and day-to-day working.

5/- net. Post free U.K. 5/4; Abroad 5/7.

COST ACCOUNTS, TERMINAL.

(Vol. XLVI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (66 pp., 8vo.) By **A. G. Nisbet**, Chartered Accountant. This volume deals with a system of Costing suitable for undertakings where definite Contracts are entered into in which the Costing is definite and terminating, such as Constructional Engineers, Builders, Contractors, Bridge Builders, Shipbuilders, &c. Synopsis: Introduction—Procedure on Receipt of Orders—Method of Charging-up Labour—Shop Expenses and Establishment Charges—Cost Sheets and their relation to the Manufacturing Account—The Premium System of Remuneration to Workmen—Index. 3/6 net. Post free U.K. 3/9; Abroad, 3/10.

COST OF PRODUCTION.

(98 pp., 8vo.) By **John A. Wild**. An Explanation of Principles, and a Guide to Practice, for the Printing and Allied Trades, with an Appendix of Thirty-eight Forms. Summary of Contents:—Introduction—The Basic Factor—Departmentalisation Essential—Stocks and Stocktaking—Ascertaining Production—The Analysis of Wages—Consumption of Stores—Ascertaining Departmental Cost—The Analysis of Expenses—Recovering Working Expenses—Ascertaining Job Cost—Management from Cost Records—The Selling Price—Conclusion—Appendix.

Net price (post free U.K.) 10/6; Abroad, 11/-.

COSTINGS, BOOT AND SHOE.

(See Boot and Shoe Costings, p. 13)

COTTON SPINNERS' ACCOUNTS.

(Vol. XXXIX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (150 pp., 8vo.) By **Wm. Moss, F.C.A.** This book describes a complete system of Accounts for a Cotton Mill. It gives a list of the whole of the books, and separately describes the use of each. The statutory books of a Limited Company, the principal and subsidiary books of account, the books relating to internal management, and those relating to the Directors' supervision, are all dealt with. A complete set of *pro forma* Accounts is given, fully written up, with specimen entries.

5/- net. Post free U.K., 5/4; Abroad, 5/7.

CURRENCY (FLUCTUATING), TREATMENT OF, IN ACCOUNTS.

(See Treatment of Fluctuating Currency in Accounts, p. 41.)

DAIRY ACCOUNTS.

(Vol. XXXIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (120 pp., 8vo.) By **F. Rowland, A.C.A.** The Complete System of Accounting is clearly and fully described, and facsimiles of all the Books and Forms recommended are given. Synopsis:—Introduction—The various Books of Accounts—Stock Books—Order Book—Cash Books—Ledgers, &c.—The Accounts as applied to a Firm with Retail Shops and Branches, or to a Limited Company—The Books and Accounts for Small Dairymen possessing one Establishment only—Statutory Enactments relating to Dairies—Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

DEEDS OF ARRANGEMENT.

(220 pp., 8vo.) By **D. P. Davies, F.S.A.A.** A Practical Manual for the use of Trustees. The fact that no other book exists dealing with Deeds of Assignment from an administrative point of view has led the Author to embody here the results of nearly twenty years' active insolvency experience. Special attention has been given to the requirements of Trustees, and all points, legal and otherwise, likely to arise in the administration of an estate are dealt with. Where cases are reported in *The Accountant Law Reports*, special reference is made thereto, for the convenience of Accountants. The following matters are dealt with:—Deeds of Arrangement Generally—The Contents of a Deed of Assignment—Deeds of Composition—Deeds of Inspectorship and Letters of Licence—Registration—Assents—The Trustee—Acts of Bankruptcy—Preferential Creditors—The Avoidance of Deeds—Private Arrangements—The Realisation and Distribution of Assets—The Administration of Partnership Estates in Bankruptcy—Investigations and Meetings of Creditors—with an Appendix of Acts and Forms.

Net price (post free U.K.) 8/-; Abroad, 8/8.

DEPRECIATION, RESERVES, AND RESERVE FUNDS.

(Vol. XXVI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (3rd Ed., 90 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** Deals fully with the following matters:—The Importance of Depreciation—Methods of Providing for Depreciation—Depreciation of Freeholds—Depreciation of Leaseholds—Depreciation of Plant and Machinery—Depreciation of Loose Tools, &c.—Depreciation of Patents, Copyrights, and Goodwill—Reserves, Secret Reserves—Reserve Funds—Sinking Funds—The Double-Account System—Local Authorities and Depreciation. It has been carefully revised, and is the most complete work of its kind.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

DEPRECIATION TABLES.

(2nd Ed., 34 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** The tables are worked out (a) on the original cost, and (b) on the reducing balances to the close of the 25th year. The unit adopted has been £1,000, and the calculations are worked to the nearest penny at the following rates per cent. 1, 2, 2½, 3, 5, 6, 7½, 10, 12½, 15, 17½, 20, 25, 30, 33½.

1/- net. Post free U.K. and Abroad, 1/2.

DIARIES, ACCOUNTANTS'.

(See Accountants' Diaries, p. 5.)

DRAPERS,' DRESSMAKERS,' AND MILLINERS' ACCOUNTS.

(Vol. XXXI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 140 pp., 8vo.) By **G. H. Richardson**, Incorporated Accountant. This important and successful work, dealing fully with the different methods applicable to Drapery Accounts, has been thoroughly revised and partly re-written so as to include the latest developments in Counting House organisation; it comprises a detailed description of the use of Cash Registers, Pneumatic Tube and Carrier Systems, Slip Systems, Itemised Monthly Account System, Card and Loose-Leaf Ledgers, Departmental Accounts, Workroom Accounts including Cost Card System, and last, but not least, a valuable chapter on Statistical Returns with numerous rulings. The book deals fully with the following matters, to each of which a chapter is devoted:—General Principles—The Acquisition of a Business—Opening Entries—Cash Sales—Credit Sales—Returns, Appro., and Despatch—Sales Ledgers—Purchases—Expense Accounts—Cash and *pro forma* Set of Accounts—Postal or Mail Order Work—Dressmakers, &c., Workroom Accounts—Wholesale System—Statistical Returns.

5/- net. Post free U.K. 5/4; Abroad, 5/8.

EARLY STAGES OF PREPARATION FOR THE ACCOUNTANCY PAPERS OF THE INTER-MEDIATE EXAMINATION.

(100 pp., 8vo.) By **A. E. Cutforth**, A.C.A. The subjects dealt with in this book are those on which questions have been most frequently set in past Examinations. Each subject has been explained as clearly as possible by the aid of the working out of simple Examples. At the end of each chapter are given Questions which have been set in the past, the Answers to which are covered by the information given in the chapter. The following is a summary of the contents:—The Cash Book—Self-Balancing Ledgers—Opening Entries of Joint Stock Companies' Books—Depreciation—Some Points in Partnership Accounts—Executorship Accounts—Goods on Sale or Return—Consignment Accounts—Bills of Exchange—The Double-Account System—Statements of Affairs and Deficiency Accounts—Minimum Rent Accounts—Cost Accounts—Some Notes on Goodwill—Some Notes on Stock-in-Trade—The Companies Act, 1900, *re* Auditors—Some Notes on Income-Tax—Forms of Books—Hints on "Tackling" Examination Papers.

2/6 net. Post free U.K. and Abroad, 2/9.

ELECTRIC LIGHTING ACCOUNTS.

(Vol. XXIX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 188 pp., 8vo.) By **G. Johnson**, F.S.S., F.C.I.S. This work deals fully with the Accounts of Electric Lighting Companies. Synopsis:—Introduction—Income and Expenditure—Costs and Charges—Purchase, Storage, and Record of Stores and Materials—Invoices—Inward Accounts Book—Allocation of Stores and Materials Issued—Stock-taking—Wages—Salaries—Other Books of Account—Statements for Directors—Depreciation and Renewals—Complete Set of *pro forma* Transactions: Balance Sheet for Opening Entries; Journal; Cash Transactions; Ledger; Trial Balance; Revenue Account; Balance Sheet—Auditors' Certificates (Company's and Board of Trade)—Accounts set out in Board of Trade form—Income Tax—Audit—Power Supply Companies—Company Books—Insurances—Appendix—Factory and Workshops Act, 1901—Index.

Net price (post free U.K.) 7/6; Abroad, 8/2

ENGINEERS' AND SHIPBUILDERS' ACCOUNTS.

(Vol. XIV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 120 pp., 8vo.) By **F. G. Burton**, Incorporated Accountant. Describes the System of Bookkeeping adapted for Engineering Factories and Shipyards. Synopsis:—Introductory—The Special requirements and difficulties of such Accounts—Materials and Stores—Purchases and Stores Received and Issued Books and Ledger—Stores Credit Accounts—Salaries and Wages—Wages Book for Day Wages and Piece Work—Allocation of Wages—Manufactured Goods and Contracts—Large Contracts—Fixed Price Sales—Machinery for Stock purposes—Day and Warehouse Books—Credits to Customers—Cash Book, Depreciation, Establishment Charges, and Sundry Nominal Accounts—Ledger, Trade Account, Balance Sheet, and Audit—Examples of various Accounts employed—Cost Accounts—Consideration of different Methods of keeping Costs, and Examples of the threefold form recommended.

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10

ERRORS IN BALANCING.

(3rd Ed., 32 pp., 8vo.) A concise handbook dealing with the more usual causes of differences in Trial Balances and the methods of their detection. Summary of contents:—Preliminary—Importance of Subject to Accountants—Systems for Localising Errors—Causes of Specific Errors—Figures Badly Placed—Indistinct Figures—Errors in Copying Figures—Classes of Errors—Complex Errors—Errors of Advancement—List of First Series of Errors of Advancement—List second do.—List third do.—List fourth do.—Errors of Transposition—Errors £100 and upwards—Errors £1,000 and upwards—Transpositions of Three Figures—Conclusion. (Reprinted from articles that have appeared in *The Accountant*).

1/- net. Post free U.K. and Abroad, 1/2.

EXAMINATION GUIDES.

Intermediate Guide (196 pp., 8vo); **Final Guide** (327 pp., 8vo). By **John G. Nixon, Junr., A.C.A.** These books are compilations of the Questions (only) set at the Intermediate and Final Examinations of the Institute of Chartered Accountants, from December 1893 to June 1903, inclusive. The Questions are arranged, according to subject, in alphabetical order. The Intermediate Guide contains a total of 776 Questions, and the Final Guide 1,157 Questions.

Intermediate Guide, 3/6 net. Post free U.K. 3/9 ; Abroad, 4/-
Final Guide, 5/- net. Post free U.K. 5/4 ; Abroad, 5/9.

EXAMINATION QUESTIONS AND ANSWERS

to the Examinations of the Institute of Chartered Accountants. (About 170 pp., 8vo.) Issued in June and December each year. First issued in 1884. These Answers are designed to give the fullest and most reliable information on each question asked, and are compiled with a view to lasting reference. Each part contains the answers to the Intermediate and Final Examinations. Back parts dating from December 1884 can be obtained. They can also be had bound up in volumes of four parts with index, under the title of "**The Accountants' Manual**" (*q.v.*) 1/6 net. Post free U.K. or Abroad, 1/7

Subscription, per annum, post free 3/-
(The subscription includes two parts and the index issued biennially.)

**EXAMINATIONS, CHARTERED ACCOUNTANTS',
HOW TO PREPARE FOR**

(3rd Ed., 24 pp., 8vo.) By **J. A. Carlill, A.C.A.** A Pamphlet.

1/6 net. Post free U.K. and Abroad, 1/7.

EXAMINATIONS, PREPARATION FOR.*(See Early Stages of Preparation, &c., p. 21)***EXAMINATIONS, THE MONTH BEFORE THE.**

(40 pp., 8 in. by 3½ in.) By **A. E. Cutforth, A.C.A.** A collection in convenient pocket-book form of those portions of each subject which are most difficult to retain in the memory. Synopsis:—Arbitrations and Awards—Bankruptcy—Company Law—Executorship Law—Mercantile Law (including Agency, Bailments, Contracts, Lien, Shipping, Negotiable Instruments, Sale of Goods, Suretyship and Guarantees)—Partnership Law.

1/6 net. Post free U.K. and Abroad, 1/7.

EXAMINATIONS, THE INSTITUTE, AND HINTS TO ACCOUNTANCY EXAMINEES.

(80 pp. Demy 8vo, limp cloth.) By **Roger N. Carter, M.Com., F.C.A.** Revised Reprints of Papers read by the Author before various Chartered Accountants Students' Societies in 1910 and 1911. In response to numerous requests, these lectures have been revised and enlarged for general circulation. It is hoped that they will be of assistance to examination candidates in reaching obscure points and in investing their reading with more interest. Synopsis: The Institute Examinations—Introduction—Bookkeeping—Auditing—Partnership—Executorship—Bankruptcy—Deeds of Arrangement—Companies—Receivers—Mercantile Law—Agency—Bills of Exchange—Guarantees—Gaming Contracts—Restraint of Trade—Sale of Goods—General Contracts—Hints to Accountancy Examinees.

Price 2/-. Post free, U.K. and Abroad, 2/2.

EXAM. ROOM PROBLEMS.

(30 pp., 8½ in. by 4½ in.), with suggestions for their solution. In this pamphlet the following points have been selected for full treatment:—Introduction—Exam. Room Equipment—Order of Working out Answers—Style of Written Answers on Lengthy Topics—Detailed Bookkeeping Answers—Tackling a Trial Balance—Profit and Loss Account Preparation—Balance Sheet Preparation—Answers to Legal Questions—The "Shortness of Time" Complaint—Revision of Work.

1/- net. Post free U.K. and Abroad, 1/1.

EXECUTORS, BOOKKEEPING FOR.*(See Bookkeeping for Executors, p. 12.)***EXECUTORS', ADMINISTRATORS', AND TRUSTEES' RECORD.**

(67 pp., foolscap.) By **Chas. Jarvis Collier**, Chartered Accountant. This volume, which is strongly bound in half calf, is designed to assist trustees to keep a record of their transactions. For small and medium-sized estates it provides all that is necessary to enable a readily intelligible and permanent record to be kept.

Net price (post free U.K.) 10/6 ; Abroad, 11/2

EXECUTORSHIP ACCOUNTS.

(3rd Ed., 82 pp., 8vo.) By **O. H. Caldicott, F.C.A.** Contains a complete set of Trust Accounts, with Explanatory Text.

3/6 net. Post free U.K. and Abroad, 3/9.

EXECUTORSHIP ACCOUNTS, STUDENTS' GUIDE TO

(2nd Ed., 240 pp., 8vo.) By **R. N. Carter, M.Com., F.C.A.** A complete Guide to Executorship Accounts, with a Summary of the principal points of the Law and numerous *pro forma* Accounts. Synopsis:—Definition of Terms—Summary of the Law relating to Wills, Executors, and Administrators (comprising the Office of an Executor, Probate, Administrations, The Getting in and Distribution of the Estate, Legacies, Realty and Personalty, Apportionment, Investments, The Rule in *Howe v. Lord Dartmouth*, Carrying on the Testator's Business, The Distribution of the Estate of an Intestate, Responsibilities of Trustees)—Payment of Probate or Estate Duty—Payment of Legacy or Succession Duty—Specimen Questions and Answers—The Audit of Trust Accounts—Capital and Income, amplified reprint of articles written for *The Accountant*—Example of an Intestacy—Example of a Legacy in Trust—Acts and Rules—*Pro forma* Accounts.

Net price (post free U.K.) 6/-; Abroad, 6/7.

EXPENSES BOOK, FOR SOLICITORS, AUCTIONEERS, ACCOUNTANTS, &c.

(Foolscap folio, 120 openings.) (Copyright—Registered No. 593,821.) By **Edward J. Tubbs**, Chartered Accountant. This book will prove useful to all professional men, whatever the size of their practice. A special feature of the Book is the introduction of the Invoice Column; by this means all the expenses of the business, whether paid by cheque or in cash, can not only be readily classified in the one book, but also a proper check is had upon all the accounts owing by the business. This book is a combination of the Expenses Journal and Petty Cash Book, which, of course, in the case of a large firm can be easily separated if desired, but the present book is very useful for any average-sized firm.

Price 8/6 net post free U.K.; 9/8 post free Abroad.

FACTORY ACCOUNTS.

(6th Ed., 300 pp., 8vo.) By **E. Garcke** and **J. M. Fells**. A Handbook for Accountants and Manufacturers, with Appendices on the Nomenclature of Machine details; The Income Tax Acts; The Rating of Factories; Fire and Boiler Insurance, &c., including also a Glossary of Terms and a large number of specimen rulings. In view of the continuous demand for this work, the authors have taken the opportunity presented by a further edition of adding to and re-arranging the chapters it previously contained. The changes that have taken place in methods of production, &c., have rendered it desirable to deal in greater detail than hitherto with the apportionment of machinery charges. Synopsis:—Chapter 1, Introductory—Chapter 2, Labour—Chapter 3, Stores—Chapter 4, Prime Cost and the Cost Ledger—Chapter 5, Indirect or Incidental Expenses and their Allocation—Chapter 6, Fixed Capital and Depreciation—Chapter 7, Machinery Use—Chapter 8, Stock—Chapter 9, Surveys—Chapter 10, Subsidiary Books—Chapter 11, Methods of Remunerating Labour—Appendices—Glossary—Index—Table of 57 Specimen Rulings—Diagram 1, The Assimilation of Wages and Commercial Books—Diagram 2, Assimilation of Stores and Commercial Books—Diagrams 3 and 4, The Assimilation of Cost and Commercial Books—Diagram 5, The Assimilation of Stock and Commercial Books.

6/- net. Post free U.K., 6/4; Abroad, 6/11.

FISHING INDUSTRY ACCOUNTS.

(Vol. XX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (80 pp., 8vo.) By **Charles Williamson, M.A., C.A.** This Volume deals at length with the Accounts of Steam Fishing Boats, Fish Salesmen, Fish Merchants, and Fish Curers, and describes the various necessary books. The system advocated is illustrated by full *pro forma* rulings, and will be found complete in every way.

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

FORMS OF ACCOUNT BOOKS.

(100 pp., 8vo.) By **J. G. Johnston, C.A.** Synopsis:—Part I.—Forms of Books for Manufacturing Businesses. Part II.—Forms of Books for Retail Businesses. Part III.—Forms of Books for the use of Solicitors and Law Agents. Part IV.—Forms of Books for the use of Stockbrokers. Part V.—Forms of Housekeeping Books. Part VI.—Form of Investment Register and Calendar of Income.

2/6 net. Post free U.K. 2/9 ; Abroad, 2/10.

FRAUD IN ACCOUNTS.

(Vol. XXX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 100 pp., 8vo.) Deals with the Methods of circumventing Frauds on the part of both Employees and Directors, and shows how they may be detected at an early date—The Functions and Limitations of an Audit—Systems of Internal Check—Motives and Methods of Fraud—Specific Instances of Fraud: Misappropriations of Money—Specific Instances of Fraud not involving the Misappropriation of Money—Specific Instances of Fraud: Falsifications of Directors and Proprietors—Appendix.

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

FRIENDLY SOCIETIES' ACCOUNTS AND STATISTICS

(48 pp., 8vo.) By **V. Marr, F.F.A., F.I.A.** A Pamphlet. Synopsis:—Classes of Friendly Societies—Regulations as to Accounts—Audits—Public Auditors—Statistical Tables—Annual Return—Card Register—Sickness Allowance—Tabulation of Statistics—Funeral Benefits—Contributions—Management Expenses—Investments—Use of Cards—Journal Entries—Appendix.

1/- net. Post free U.K. and Abroad, 1/1.

FRIENDLY SOCIETIES' AND TRADES UNIONS' ACCOUNTS.

(Vol. XXVIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (160 pp., 8vo.) By **E. Furnival Jones, A.C.A., A.S.A.A.** A concise and practical system of Account-keeping—sufficiently comprehensive for the needs of a large centralised Association, and at the same time easily adjustable to the limited operations of the smallest Branch. Starting with the method of recording the receipt of Contributions from Members, the reader is taken step by step through the modes of paying Benefits and dealing with Investments, to the completion of the Quarterly or Yearly Accounts and Balance Sheet, and the Filing of Returns with the Chief Registrar. Many practical hints to the Auditor and Accountant are thrown out in the course of the work; valuable suggestions are given for keeping proper Statistical Records, and the nature and importance of the Actuarial Valuation are touched upon and explained. The following may be noted, among other special features of the book: Extracts from the Acts of Parliament relative to Accounts and Audit; Specimen Forms of Account Books and Registers, specially suited to the needs of Friendly Societies; Copies of Forms required to be filed with the Chief Registrar of Friendly Societies from time to time.

5/- net. Post free U.K. 5/4 ; Abroad, 5/8.

GAS ACCOUNTS.

(Vol. VII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 130 pp., 8vo.) This work deals fully with the accounts of all classes of Gas undertakings. Synopsis: Introduction, dealing with the constitution of Gas Companies, &c.—Sale of Gas and Collection of Gas Rates—Fittings Accounts, and Prime Cost Accounts incidental thereto—Sale of Residual Products—General Ledger and full set of *pro forma* Accounts for one year—Statutory Form of Annual Accounts—Shares, Stock, and Debentures—Cost Accounts with *pro forma* Statement—Capital and Revenue Expenditure—Local Authorities as Owners of Gasworks—Index. 5/- net. Post free U.K. 5/4; Abroad, 5/7.

GAS COMPANIES' BOOKKEEPING.

(240 pp., 4to.) By J. H. Brearley and B. Taylor. A practical treatise. A full description is given, with illustrations, of all the Books and Forms. The Frontispiece, a concise Chart, shows at a glance the linking together of the respective books. A complete set of transactions is worked out, and from these a Model Balance Sheet and Statement of Accounts is compiled.

Net price (post free U.K.) 12/6; Abroad, 13/8.

GOODWILL.

(3rd Ed., 176 pp., 8vo.) By L. R. Dicksee, M.Com., F.C.A., and F. Tillyard, M.A., Barrister-at-Law. The subject of Goodwill, its treatment in Accounts and the Law relating thereto, is fully dealt with. Synopsis:—The Connection between Goodwill and Trade Names and Trade Marks—The Nature of Trade Names and their Protection—Trade Marks and their Protection—The Nature of Goodwill—The Assignment of Goodwill—Partnership and Goodwill—Goodwill and Accounts—The Valuation of Goodwill—The Fluctuations of Goodwill—The Purchase of Goodwill—Goodwill in Partnership Accounts—Goodwill in Companies' Accounts—Text of the Trade Marks Act, 1905—Common Form Clauses relating to Goodwill.

Net price (post free U.K.) 5/6; Abroad, 6/-.

GRAIN, FLOUR, HAY, AND SEED MERCHANTS' ACCOUNTS.

(Vol. X of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (112 pp., 8vo.) By G. Johnson, F.S.S., F.C.I.S. Describes a complete system of Bookkeeping for Grain, Flour, Hay, and Seed Merchants, with numerous Forms and a set of *pro forma* Accounts, with Specimen Entries and a Glossary of Trade Terms and Abbreviations.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

GROCERS' BOOKKEEPING.

(48 pp., 8vo.) By M. Webster Jenkinson, Chartered Accountant. A System of Bookkeeping suitable for Grocers and other Retail Tradesmen, with specimen Forms of Accounts.

1/- net. Post free U.K. and Abroad, 1/2.

HIRE PURCHASE ACCOUNTS.

(48 pp., 8vo.) By G. Johnson, F.S.S., F.C.I.S. A short treatise on the Bookkeeping, Accounts, and Calculations relating to the Hire-Purchase Wagon Trade and Colliery Royalties, and Wayleaves.

1/6 net. Post free U.K. and Abroad, 1/8.

HISTORY OF ACCOUNTANTS AND ACCOUNTANCY, A SHORT.

(254 pp., 8vo.) By **Arthur H. Woolf, M.A.**, Barrister-at-Law. The aim of this book is to present, in a small compass, the History and Development of Accountancy from the earliest times to the present day. In the Introduction, the Author regards and treats Accountancy as an important chapter in the history of civilisation, and shows that Book-keeping and Accounting have followed the progress and development of the human race. The book is divided into four parts. The first part deals with the "Development of Systems of Accounting." The writer describes in detail the methods employed in Egypt, Babylonia, and among other ancient nations, and also the accounting of the Greeks and Romans. The progress made in Accountancy methods during the Middle Ages is fully dealt with, and the system in vogue at the Old English Exchequer vividly described. In the second part the writer traces the history of Bookkeeping from the time of the publication of the first treatise on the subject in 1494 down to the nineteenth century. The third part treats of the origin and progress of Auditing; while in the last section the evolution of the "Professional Accountant" through various stages is carefully traced. The book concludes with a survey of the position of the Accountant at the present day. Important features of the book are the full Bibliography of works on Bookkeeping (up to the year 1800), and the very complete Index.

Net Price (Post free U.K.) 7/6; Abroad, 8/4.

HOTEL ACCOUNTS.

(Vol. XXXVII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed. 80 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** A complete system of Bookkeeping for Hotels of all sizes is described. Synopsis: Introduction—Preliminary Records—Office—Nominal Ledger—Cellar and Bar—General Ledger—Kitchen and Stores—Internal Check and Audit—The "Simplex System"—Railway Hotels and Restaurants. There are 27 Forms, including forms of Interim Trading Account and Daily Cost Sheet. 3/6 net. Post free U.K. 3/9; Abroad, 3/10.

INCOME-TAX, Return for Assessment, Schedules D & E.

(Foolscap.) Reprints of the Official Forms. The Forms are printed on good quality account book paper, and will be of use to Accountants and others, enabling them to keep complete copies of Returns made. In ordering, state whether Schedule D or E is required.

Per Copy, 3d. net. Post free U.K. and abroad, 3½d.

Per dozen, 2/- net. Post free U.K. and abroad, 2/3.

INCOME-TAX ON EARNINGS.

(4th Ed., 20 pp., 8vo.) By **C. E. Isaacs.** This is a simple Exposition of the Finance Act, 1907, so far as it relates to Income-tax on earned Income, together with the proposals for the year 1909 affecting the subject. A Summary of all the important Income-tax provisions of the above-mentioned Act is included, together with Hints, Instructions, and Warnings to Taxpayers, which should be eminently useful to all who wish to avoid being overcharged.

6d. net. Post free U.K. 7d.; Abroad, 8d.

INCOME-TAX PRACTICE, MURRAY AND CARTER'S GUIDE TO.

(6th Ed., 590 pp., 8vo.) By the late **A. Murray** and **R. N. Carter**, Chartered Accountants. This standard work contains a Summary of the principal Enactments relating to Income-Tax, with notes of every reported case; Instructions as to the preparation of Returns for Assessment and Accounts in support of Appeals on the ground of over-assessment; also for claiming Exemption and Abatement; and a Concise Popular Digest of the Principal Legal Decisions on the Construction of the Acts for the use of Taxpayers. Synopsis: Table of Cases—Table of Statutes—History of the Income-Tax and Epitome of the principal Acts relating thereto—The Schedules under which Income-Tax is Charged—Schedules A, B, C, and E—Schedule D (Persons and Property Chargeable—Returns for Assessment—Appeals)—Rate of Reduction of Tax on Payment of Dividends, &c.—Exemptions and Abatements (General—Charities and Public Buildings—Relief to "Earned" Incomes)—Conclusion—Index.

Net price (post free U.K.) **15/-**; Abroad, **16/-**.

INCOME-TAX, SIMPLEX GUIDE TO.

(2nd Ed., 90 pp., 8vo.) By **R. N. Carter, M.Com., F.C.A.** A Handbook for business men. Synopsis: Taxation at the Source—The Schedules under which Income-Tax is Charged—What are Profits for Income-Tax Purposes—Cash Accounts and Profit and Loss Accounts—The Application of the Principle of Taxation at the Source—Preparing the Return—Change in a Business and the "Succession" Rule—The General and Special Commissioners—Exemptions and Abatements—Claims for Repayment where the Income is derived from Investments—Claims for Repayment in respect of a Loss—New Businesses and Businesses Discontinued—Relief to "Earned" Incomes.

2/6 net. Post free U.K. and Abroad, **2/9**.

INSTITUTE OF CHARTERED ACCOUNTANTS EXAMINATION QUESTIONS AND ANSWERS.

(See Examination Questions and Answers, p. 22.)

INSTITUTE OF CHARTERED ACCOUNTANTS—LIST OF MEMBERS.

(Issued yearly.)

2/- net. Post free U.K. **2/5**; Abroad, **2/10**.

INSURANCE AGENTS' ACCOUNTS.

(45 pp. 8vo.) By **A. H. Maclean**, Chartered Accountant. Every Insurance Agent should possess a copy of this work. It is indispensable to the Agent who wants to keep a grip of his business. The book is divided into Two Parts—the First Part dealing with the recording of policies, etc.; the Second Part dealing with the recording of monetary transactions. The whole system is quite simple and can easily be grasped and put into operation even by those having but little knowledge of bookkeeping. The number of books and the entries in them have been kept down to the smallest possible limits. The system is peculiarly suitable for solicitors, accountants, estate agents, etc., as it can be adopted irrespective of the method of bookkeeping used for the other branches of the business, and will record many or few transactions equally well. The simplicity of the method renders information easy of access to anybody, even though they are unacquainted with the whole system.—Particularly useful in an Expanding Business.

2/6 net. Post free U.K. and Abroad, **2/9**.

INSURANCE COMPANIES' ACCOUNTS.

(Vol. XXXVI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (200 pp., 8vo.) By **E. A. Tyler**, Incorporated Accountant. This work is the only book dealing *exclusively* with the subject of the Accounts of Insurance Companies as a whole. It discusses exhaustively the general principles underlying insurance accounts of every description, and treats in considerable detail of such important divisions of the business as: Life, Sickness, Fire, Accident, Burglary and Plate Glass, Employers' Liability. It shows amongst other things the proper treatment of Half-yearly and Quarterly Premiums, and outlines more than one system of dealing effectively with the many complications arising in connection with the payment of Overriding Commission. The general plan of the work is easy to follow; the arrangement of detail is particularly clear; and a very large number of forms, with specimen entries and a full index, make the volume by far the most complete work of reference obtainable on the subject of which it treats.

Net price (post free U.K.) 10/6; Abroad, 11/2.

INTEREST TABLE.

(2 pp., foolscap.) By **C. Roberts**. A Table for calculating interest on current accounts. Its especial usefulness lies in the fact that it is all contained in a single opening, and that much turning over of pages will be saved by its users. Mounted on stiff cloth boards, or on linen.

2/- net. Post free U.K. and Abroad 2/2½ (boards); 2/1 (linen).

INVESTMENT AND LOAN SOCIETIES' ACCOUNTS.

(108 pp., 8vo.) By **D. J. A. Brown** and **E. Thomas**. Indicates clearly the guiding principles relating to the Formation and Management and to the Compilation and Audit of the Accounts. Contains chapters on the Objects and the Formation and Management of a Society, Income and Expenditure, the Books of Account, the Branch Accounts, the Secretarial and Statistical Books, the Audit Rules, and a fully worked set of Accounts.

5/- net. Post free U.K. and Abroad, 5/6.

JEWELLERS' ACCOUNTS.

(Vol. XXIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (180 pp., 8vo.) By **Allen Edwards, F.C.A.** Describing a complete System of Bookkeeping for Manufacturing, Retail, and Wholesale Jewellers, Diamond Merchants, Silversmiths, Electro Platers, Gilders, Watch Manufacturers, &c. A leading feature of the work is the showing how Gold, Silver, and Precious Stones can be checked and accounted for, in the various processes of manufacture, together with systems for checking Stocks. The prevention of Fraud, Embezzlement, and other avoidable loss is dealt with, and chapters upon Crossed Cheques, the giving of Credit, the Renewals of Customers' Bills, Bad Debts, Appro., Income Tax, and the Conversion of Private Businesses into Limited Companies, are also included. In addition, the ordinary books usually kept in a Trader's Office are clearly and concisely explained, the whole book being illustrated by upwards of fifty Forms, specially drawn up for the work.

5/- net. Post free U.K. 5/4; Abroad, 5/8.

JOINT TRANSACTIONS OF THE UNION OF CHARTERED ACCOUNTANT STUDENTS' SOCIETIES.

(See Union, &c., p. 42.)

LAUNDRY ACCOUNTS.

(Vol. XXXVIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (124 pp., 8vo.) By **F. J. Livesey, F.C.A.** A complete System of Bookkeeping for Laundries. Summary of Contents: Introduction—Subsidiary Books—Shorts—Hotel Work—Receiving Shops—Nominal and Private Ledgers—Weekly Return—Branch Accounts. There are fifty-one Forms, including Profit and Loss Account and Balance Sheets, and Weekly Return Sheet.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

LEGAL TERMS, SOME.

(50 pp., 7" x 4½") By **A Barrister**. Introductory Lectures on Law for Accountant Students. Synopsis:—"Law" and "Equity"—"Common Law" and "Statute Law," "Codes" and "Codification"—"Property" and "Possession"—"Privy of Contract" and "Privy of Estate"—"Tort," "Crime," "Felony," "Misdemeanour," "Action," "Prosecution"—"The Courts of Law"—"The Criminal Courts"—"The Civil Courts."

1/- net. Post free U.K. and Abroad. 1/1.

LEXICON FOR TRUSTEES IN BANKRUPTCY, &c.

(422 pp., 8vo.) By **S. S. Dawson, M.Com., F.C.A.** A Lexicon for the use of Trustees in Bankruptcy and under Deeds of Arrangement, and Liquidators of Companies. This work forms a ready and reliable book of reference for practitioners. The numerous Statutes and the Schedules thereto, the accumulation of Rules, Board of Trade Regulations, Orders, Directions, and the countless Decisions of the Courts have necessarily formed the basis of the work, and these varied sources are referred to throughout the text.

3/6 net. Post free U.K. 3/9; Abroad, 4/-

LIMITED PARTNERSHIPS ACT, 1907.

(70 pp., 8vo.) By **D. P. Davies, F.S.A.A.** Deals fully with the Limited Partnerships Act, 1907; some Continental and other Provisions relating to Limited Partnerships; the Relation between the Partnership Act, 1890, and the Limited Partnerships Act, 1907. It contains the Rules, Forms, full text of the Limited Partnerships Act, 1907, and of the Partnership Act, 1890, with an Index.

1/6 net. Post free U.K. and Abroad, 1/7½.

LIQUIDATORS.

(See Trustees, Liquidators, and Receivers, p. 41.)

LOCAL AUTHORITIES' ACCOUNTS, ORGANISATION AND AUDIT OF.

(488 pp., 8vo.) By **A. Collins, A.S.A.A.** The only complete treatise on this important subject, incorporating the recommendations of the Departmental Committee on Municipal Accounts; an exposition of up-to-date methods of financial control, collated from the most efficient systems in use in the leading local authorities of the Kingdom; the whole of the present day systems of Audit reviewed, analysed, and compared. Summary of Contents:—Review of Local Authorities' Accounts and their Audit—Extent of Local Authorities' Operations—Local Authorities' Powers, Duties, and Obligations—The Position of the Chief Financial Officer—The Accounting Systems in vogue—The Internal Check in vogue—Special Considerations in: (a) County Council Accounts; (b) County Borough Council Accounts; (c) Non-County Borough Council Accounts; (d) Metropolitan Borough Council Accounts; (e) Urban District Council Accounts, &c.—Accounts Audited by the Local Government Board—Statutory Regulations—The Board's Control of Accounts and Audit—The Audit by the District Auditor—The Elective Audit—Minor Audit Provisions—The Professional Audit of Local Authorities' Accounts—Preparation for Audit—The Cash Transactions—The Revenue Transactions—The Capital Transactions—The Arithmetical Accuracy of the Books—Questions of Principle involved in the Financial Statements—Compliance with Statutory Regulations—Miscellaneous Considerations arising out of Audit—Auditors' Certificate and Report—Appendix—Standardised Forms of Published Accounts—Index.

Net price (post free U.K.) 12/6 ; Abroad, 13/6.

LOCAL AUTHORITIES' ACCOUNTS, THE DIAGRAM-MATIC PRESENTMENT OF.

(60 pp. and 19 diagrams, 4to.) By **Sidney E. Allen, A.S.A.A.** By the use of diagrams the author presents the principal financial and statistical facts of one of our largest cities in a clear, concise, and intelligible form. In less than 20 diagrams he gives the "condensed essence" of over 200 pages of published accounts, and much additional information. The practical value of the novel idea at once appeals to the reader. He sees that the diagrams show at a glance what only a laborious examination of figures would otherwise give him. The book, being written in a popular style, is easy and pleasant to read. Summary of Contents:—Preface; I—Rates; II—Assets and Debts; III—Local "National" Expenditure; IV—Trading Undertakings: (1) Waterworks, (2) Tramways, (3) Electric Supply, (4) Markets, (5) Trading undertakings compared with each other; V—Education; VI—General Statistics: (1) Police, (2) Fire Brigade, (3) Streets and Sewers, (4) Street Lighting, (5) Parks and Recreation Grounds, (6) Population, Births and Deaths, (7) Salaries and Wages; VII—Conclusion; List of Diagrams; Index.

Net price (post free U.K.) 7/6 ; Abroad, 8/2

MANUAL, ACCOUNTANTS'.

(See *Accountants' Manual*, p. 6.)

MEDICAL PRACTITIONERS' ACCOUNTS.

(Vol. XVIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (85 pp., 8vo.) By **J. H. May, A.S.A.A.** The system of Book-keeping described in this volume is designed to combine simplicity with economy of labour, yet enabling the medical man to summarise his total income and expenditure on any balancing date, and therefrom to have regular Profit and Loss Accounts and Balance Sheets prepared. Full *pro forma* Accounts in illustration of the forms of Account Books are given in each case. Chapters are subsequently devoted to subjects which accountants find it necessary, at one time or another, to apply themselves—such as "Medical Men's Income Tax," "The Assessment of Practice Values," "Notes on the Collection of Debts Outstanding," &c.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

METRIC SYSTEM, THE.

(40 pp., 8vo.) By **The Rev. G. T. P. Streeter, B.A.** A Pamphlet.
1/- net. Post free U.K. and Abroad, 1/1.

MINERAL WATER MANUFACTURERS' ACCOUNTS.

(Vol. VIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (75 pp., 8vo.) By **J. Lund, A.S.A.A.** and **G. H. Richardson, F.S.S.** The system of Bookkeeping described can be safely taken as a model upon which a set of Books and Accounts should be constructed. The work describes and explains the following: Purchases Day Book—Purchases Ledger—Sales Book—Sales Ledger—Cartmen's Delivery Book—Cash Sales Book—Bottles and Boxes—General Cash Book—Petty Cash Book—Nominal Ledger—Wages—Commission—Private Ledger—Balance Sheet—Trading Account—Bottle Exchange—Stock Book—Mineral Water Associations and their Officers. Numerous *pro forma* Accounts with specimen entries are given.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

MINING ACCOUNTS, COAL.

(See *Colliery Accounts*, p. 16.)

MINING COMPANIES' ACCOUNTS.

(See *Australian Mining Companies' Accounts* (p. 9.) and *West African Gold Mining Accounts* (p. 43.)

MONEY MARKET, AN OUTLINE OF THE.

(56 pp., 8vo.) By **E. E. Spicer, F.C.A.** This book deals with the growth of the Money Market from the earliest times, and shows fully and clearly the working of the complex machine which our present civilisation has evolved. Banking, the Bank of England, the Bank Rate, the Foreign Exchange, and the vital question of the Gold Reserves, are dealt with in a lucid and interesting manner.

2/- net. Post free U.K. and Abroad, 2/2.

MOTOR CAB COMPANY, THE ACCOUNTS OF A

(46 pp., 8vo.) Reprinted from *The Accountant*. This work describes in detail a system of accounting of the most up-to-date description suitable for a Motor Cab Company of ordinary dimensions. Special attention is directed to the practical aspects of the matter, *e.g.*, Stores Records, Trial Performances, Drivers' Records, Working Costs, and the like; while the application to these purposes of the Card System gives a wider interest to the book. The system described, which has been found to work smoothly in actual practice, can easily be adapted to suit the requirements of all garages where motor cars are let out on hire.

2/- net. Post free U.K. and Abroad, 2/1½.

MULTIPLE COST ACCOUNTS.*(See Cost Accounts, p. 18.)***MULTIPLE SHOP ACCOUNTS.**

(Vol. XXIV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (120 pp., 8vo.) By **J. Hazelip, F.C.I.S.** A work describing the best method of keeping the Accounts of Multiple Shop Companies having a number of branches, and dealing in Boots and Shoes, Bread, Butter, Clothing, Drapery, Drugs, Fancy Articles, Fish, Game and Poultry, Furniture, Hats and Caps, Hosiery, Jewellery, Meat, Milk, Provisions, Tea, Tobacco. The reader is guided through the different departments of a theoretical business step by step till the final results of the year's trading are ascertained. The chapters on Organisation, Stockkeeping, and Stocktaking are of great practical value, and the following matters are also dealt with, viz.:—Contracts and Agreements; Leases; Assessment of Rates; Appeals against Assessments; Fire and Plate Glass Insurance; Fidelity Guarantees; Income Tax Returns; Credit Accounts; Collection of Bad Accounts; Banking, &c. Summary of Contents:—Organisation—Shops: their Functions and Methods of Receiving Supplies—Central Warehouse: Purchase of Goods and Distribution to Branches—Head Office: How the Accounts are gathered together and finally dealt with—Stockkeeping and Stocktaking: Adjustment and Reconciliation—Capital and Revenue Expenditure: Renewals and Repairs—Organisation into Districts, Differences in Books and Accounts explained—Hints on Matters of Importance.

3/6 net. Post free U.K. 3/10; Abroad, 3/11.

MUNICIPAL ACCOUNTS.

(Vol. XXI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 230 pp., 8vo.) By **John Allcock, F.S.A.A.** This work is based on the methods adopted by some of the leading Municipalities in England. The entire system of Bookkeeping and Checking of Municipal Accounts is dealt with, and facsimiles of all Books and Forms recommended are given. Synopsis: Introduction—Ordering Goods and Preliminary Measures relating to Accounts—Checking Accounts—Presentation of Accounts—Schedule of Cheques, &c.—Income and Expenditure Ledger—Cost Accounts—Estimate and Expenditure—Rates—Electricity Accounts—Corporation Stock—Registration of Stock—Private Improvement Works Accounts—Exchequer Contribution Account—Town Hall Lettings—Police Pension Fund Account—Education Accounts—Petty Cash, &c. &c.—Insurance of Workmen—Audit.

Net price (post free U.K.) 10/6; Abroad, 11/2

MUNICIPAL ACCOUNTS.

(See also Local Authorities' Accounts (p. 31.), The Diagrammatic Presentment of Local Authorities' Accounts (p. 31.), and Urban District Councils' Accounts (p. 42.)

MUNICIPAL FINANCE.

(44 pp., 8vo.) By **R. F. Miller, F.C.A.** A pamphlet dealing with some aspects of Municipal Finance and Accounts from the standpoint of a Professional Auditor. 6d. net. Post free U.K. and Abroad, 7d.

MUNICIPAL FINANCE FOR STUDENTS.

(70 pp., 8vo.) A short work, written by an eminent Municipal Accountant, on the most important features in Local Government Finance for Students. 2/6 net. Post free U.K. and Abroad, 2/9.

MUNICIPAL INTERNAL AUDIT, A.

(2nd Ed., 170 pp., 8vo.) By **A. Collins, F.S.A.A.** Not only is the Audit of the Collection of Rates and other peculiarly Municipal Revenues lucidly set out in this work, but the trade undertakings (such as Gas Works, Electricity Works, Waterworks, Tramways, Markets, &c.) receive special attention. In this Edition further suggestions are made for the organisation of defence against fraud, and for the improvement in the machinery and system by which revenue is most efficiently to be collected and controlled. The opinions of practising Accountants have indicated that the methods of audit advocated in this work are most useful and generally practical.

4/- net. Post free U.K. 4/3; Abroad, 4/6.

MUNICIPAL RATING.

(110 pp., 8vo.) By **A. James Pearce, A.C.A.** A complete practical guide for Municipal Rating, showing, step by step, the duties which are necessary for the collection of Rates. The Comparative Charts, the specially compiled Returns from other Boroughs, the Assessment Tables, and, in particular, many of the Forms which are included in the book, have never appeared before in any similar work, and have all been tested in actual practice.

5/- net. Post free U.K. 5/4; Abroad, 5/7

NEWSPAPER ACCOUNTS.

(238 pp., 8vo.) By **B. J. Norton, F.C.A.,** and **G. T. Feasey, A.C.A.** Synopsis: Introductory—Books relating to Sales—Books relating to Advertisements—Books relating to Contributions—Books relating to Purchases and Expenses—Books relating to Cash—Private Books—Departmental Checks upon the Bookkeeping—Adaptation of the System to Papers of Small Circulation—Adaptation of the System to Evening Papers—Adaptation of the System to Weekly Papers—Specimen set of Books containing Entries representing Transactions for one half-year—Special Rulings of Books for Papers of Small Circulation—Special Rulings of Books for Evening Papers—Special Rulings of Books for Weekly Papers—Index.

Net price (post free U.K.) 10/-; Abroad, 10/8.

PARTNERSHIP ACCOUNTS.

(176 pp. 8vo.) By **S. S. Dawson, M.Com., F.C.A.,** and **R. C. de Zouche, A.C.A.** The aim of the authors has been to expound the principles underlying Partnership Accounts in accordance with the provisions of the Partnership Act, 1890, and the various legal decisions of the Courts. Summary of Contents: The Partnership Agreement—The Accounts—The Balance Sheet—The Profit and Loss Account—Treatment of Goodwill in Partnership Accounts—Accounts upon a Dissolution, I, II, & III—Income Tax—Accounts of Limited Partnerships—Index.

Net price (post free U.K.) 7/6; Abroad, 8/2.

PAWNBROKERS' ACCOUNTS.

(Vol. XIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (90 pp., 8vo.) By **Fred Thornton** and **J. Henry May, A.S.A.A.** This work embodies a complete System of Accounts for this peculiar and (to the outsider) complicated trade. The system has been perfected by many years of experience in Pawnbroking circles, and is placed before Accountants as the best, not only by reason of its meeting the recognised requirements of modern accountancy, but above all because it is already in operation in a large number of Single-shop Pawnbroking Establishments, as well as in the Offices of up-to-date Companies with Branches.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

PERSONAL AND DOMESTIC ACCOUNTS.

(56 pp., 8vo.) By **J. G. P. Ibotson, A.C.A.** A useful handbook, showing how to keep Personal Accounts on a proper footing. Synopsis:—Introductory—Records of Payment—Records of Receipt—The Cash Book—Classification—The Ledger—Receipts and Payments Account and Balance Sheet—Income and Expenditure Account—Capital Accounts—Comparative Statements—Vouchers—Income Tax—Trust Accounts—Appendix—Trustee Investments.

1/- net. Post free U.K. and Abroad, 12.

POCKET DIARY AND REFERENCE BOOK, THE ACCOUNTANT'S.

(See p. 5.)

POLYTECHNIC ACCOUNTS.

(Vol. XI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (86 pp., 8vo.) By **H. Calder Marshall, F.C.A.** A complete set of Book-keeping and Accounts for Polytechnic Institutions. Synopsis: Introductory—System of Finance—List of Books—Organisation of Staff—Chief Books of Account—Departmental Books—Subsidiary Statistical Books—The Final Accounts—Capital Accounts—Establishment Charges—Resolutions passed at Conference of Polytechnic Auditors—Grants—Audit—Appendix.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

PRINTERS' ACCOUNTS.

(Vol. XVII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (80 pp., 8vo.) By **H. Lakin-Smith**, Chartered Accountant. A thoroughly reliable handbook on Bookkeeping for Printers. Summary of Contents: Introduction—Estimating Purchases—Cash Books—Wages—Sales—Cost Accounts—Private Ledger, &c.—Balance Sheet—Depreciation—Departmental Accounts—Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

PROCESS COST ACCOUNTS.

(See Cost Accounts, p. 18.)

PROFESSIONAL ACCOUNTANTS.

(128 pp., 8vo.) By **B. Worthington**. An Historical Sketch. This book gives an historical survey of the Profession in this country from its early inception to the present time. It embraces, amongst other chapters, one entitled "An Accountant's Report, about 1721," which is reprinted in full in an appendix, and which should prove of undoubted interest to all Accountants. Other subjects dealt with are: The Early Progress of the Profession; The Railway Mania and its sequel; Auditors, past and present; &c. &c. Throughout the book there is much didactic information bearing on the subject of Accountancy in a lucid manner.

2/6 net. Post free U.K. 2/9; Abroad, 2/10.

PROMOTION AND ACCOUNTS OF A PRIVATE LIMITED COMPANY, THE.

(88 pp., 8vo.) By **M. Webster Jenkinson, F.C.A.** A Paper read before the members of various Chartered Accountants' Societies in January 1911. Revised and Reprinted with an Index. Synopsis: Advantages and Disadvantages on the Conversion of a Business into a Private Limited Company—Definition of "Private Company"—Procedure—Memorandum of Association—Articles of Association—Copies of Memorandum and Articles—Sale Agreement—Fees Payable upon Incorporation—Incorporation of the Company—Preliminary Expenses—First Directors' Meeting—Statistical Books to be kept and Returns to be made to the Registrar—Allotment of Shares—Statutory General Meeting—Statutory Requirements—Penalties for Non-compliance with Statutory Requirements—Entries in Financial Books—Adjustments in Vendor's Accounts—Profits prior to Incorporation—Share Capital Accounts—Forfeiture of Shares—Debentures—Final Accounts and Audit—Income Tax—Conclusion.

Boards, 2/- net. Post free U.K. and Abroad, 2/3.
Cloth, 2/6 2/9; .. 2/10.

PROMOTION AND ACCOUNTS OF A PUBLIC LIMITED COMPANY.

(184 pp., 8vo.) By **M. Webster Jenkinson, F.C.A.** A Revised and Enlarged Reprint of a Lecture read before various Students' Societies in 1912. Synopsis: Procedure—Constitution and Memorandum of Association—Name—Registered Office—Objects—Alteration of Memorandum of Association—Articles of Association—Inspection of Memorandum and Articles—Capital and Shares—Application and Allotment of Shares—Share Certificates—Transfer of Shares—Debentures—Registration—Use of Name—Underwriting—Promoter and Prospectus—Advertising—Payment of Interest out of Capital—Directors—Purchase Price—Preliminary Expenses—The Preliminary Contract—Commencement of Business—Profits prior to Incorporation—Meetings and Proceedings—Statutory General Meetings—Extraordinary General Meetings—Other Meetings and Votes—Statutory Requirements—Penalties for Non-compliance with Statutory Requirements—Books to be Kept—Register of Members—Register of Mortgages—Annual List and Summary Book—Share Capital Accounts—Final Accounts and Audit—Conclusion.

Cloth bound. 5/- net. Post free U.K., 5/4; Abroad, 5/7.

PUBLISHERS' ACCOUNTS.

(128 pp., 8vo.) By **C. E. Allen.** A complete system of Accounts for Publishers, illustrated with numerous *pro forma* Accounts, and a fully worked example of typical transactions. Synopsis:—Nature of the Business—Method and Organisation of the Book Trade—Books—Routine—Nature of the Ledger Accounts—Stocktaking—Balancing—Analysis of Subsidiary Books—Worked Example of Typical Transactions—Copyright—Definition of Literary Property—Peculiarities of its Nature—As a Monopoly—Circumstances which affect the Value of Copyright—Duration and Term—Copyright Act—Magazine Accounts, involving the Treatment of Printing Plant, Wages of Compositors, &c.—Outline Forms of Agreement between Author and Publisher—Electros, Stereos, List of Assets.

2/6 net. Post Free U.K. 2/9; Abroad, 2/10.

QUARRY AND STONE MERCHANTS' ACCOUNTS.

(Vol. XXVII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (112 pp., 8vo.) By **J. G. P. Ibotson**, Chartered Accountant. A complete System of Accounts for Quarry Owners and Managers and Stone Merchants. Synopsis:—Introductory—Quarry Department—Works Department—Transport—Sales Department—Financial—Annual Accounts—Audit—Branch Accounts—Plant Accounts, &c.—Granite Sett, Slate, and Marble Quarries—Appendices—Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

RAILWAY ACCOUNTS, A DIGEST OF.

(92 pp., 8vo.) By **A. C. Anderson**, Chartered Accountant. This work sets out briefly and concisely the sources from which the figures appearing in the published accounts of a Railway Company are compiled. Synopsis:—TRAFFIC DEPARTMENT: Coaching—Goods—Minerals. EXPENDITURE: Stores Department—Works and Ways Department—Locomotive, Carriage, and Wagon Department. TRAFFIC SECRETARY'S DEPARTMENT: General Secretarial Duties—Accountancy in the Secretary's Office. ACCOUNTANT'S DEPARTMENT: Audit Offices (Coaching—Goods and Minerals—Mileage and Demurrage Returns—Government Duty on Passenger Traffic)—Station Ledger Office—Book-keepers' Office—List of Accounts—Appendix. THE AUDIT OF RAILWAY COMPANIES: General Remarks on the Professional Audit—Forms of Account prescribed by the Regulation of Railways Act, 1868—Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

RATING, MUNICIPAL.

(See *Municipal Rating*, p. 34.)

RECEIVER AND MANAGER IN POSSESSION, THE.

(52 pp., 8vo.) By **A. Binnie, F.C.A., C.A.** This work describes the methods by which the Receiver and Manager carries out the practical duties devolving upon him after his appointment, deals with many of the difficulties which confront him, and contains useful Forms and directions relating to the Preparation and Vouching of the Receiver and Manager's Accounts. Carrying out of Contracts, Management of Routine Work, Preferential Claims, Borrowing, Realisation of Property, and Personal Liabilities incurred by Receivers and Managers, are among the points dealt with in the book, which should be of practical interest to the Student of Accountancy, and may, for purposes of reference, appeal to many practitioners. Synopsis: Appointment—Preliminaries to Appointment by the Court—Power to Borrow immediately for certain purposes—Acts after Appointment and on taking Possession—Management and Routine Work—Preferential Claims—Income Tax—Liquidation—Removing Property—Disputed Property—Realisation—Conditions of Sale—Delivery to Purchaser—Auctioneers' and Valuers' Charges—Transfer of Debentures—Transfer of Shares—Paying Money into Court—The Receiver's Account—Discharge.

2/6 net. Post free U.K. 2/8; Abroad, 2/9.

RECEIVER AND MANAGER FOR DEBENTURE HOLDERS.

(See *Chartered Accountant in some Administrative Capacities* p. 15.)

RECEIVERS, LAW OF.

(See *Law of Trustees, Liquidators, and Receivers*, p. 41.)

RESERVES AND RESERVE FUNDS.

(See Depreciation, Reserves and Reserve Funds, p. 20.)

RUBBER-COMPANIES' ACCOUNTS.

(72 pp., 8vo.) By **R. S. Stewart**, Chartered Accountant, and **F. C. Ebbels**, Rubber Estate Manager. Up to the present time no similar book has yet been published on this subject, and the forms and explanations will be of considerable assistance to the Managers, Agents, and officials of those younger Companies which have not yet reached the stage of full production. 5/- net, Post free U.K. 5/3; Abroad, 5/6.

SHIPBUILDERS' ACCOUNTS.

(See Engineers' and Shipbuilders' Accounts, p. 22.)

SHIPPING ACCOUNTS.

(Vol. XL of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (100 pp., 8vo.) By **R. R. Daly**, Chartered Accountant. This important work deals fully and explicitly with the Accounts of Shipping Companies. The text is amply explained by the many Forms of Account which are included. It deals with the following branches:—The Accounts of a Sailing Ship—The Accounts of a Single-Ship Company—The Accounts of a Company owning several Vessels—The Accounts of a Line of Steamers—Passenger Office Accounts.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

SHOPKEEPERS' ACCOUNTS.

(2nd Ed., 50 pp., 8vo.) By **S. B. Quin, F.C.A.** A System for a Grocery, Provision, or General Store, which can be adapted to the Accounts of a Shopkeeper engaged in any business. Synopsis: Introduction—Sales Ledger—Sales Ledger Analysis Book—Cash Book—Cash Book, Alternative Form—Invoice Book—General Ledger—Specimen Accounts—General Remarks and Conclusion—Forms: Balance Sheet—Sales Ledger—Sales Ledger Analysis Book—Cash Book—Cash Book, Alternative Form—Invoice Book—General Ledger—together with Specimen Accounts and Entries.

2/6 net. Post free U.K. 2/9; Abroad, 2/10.

SINGLE COST ACCOUNTS.

(See Cost Accounts, p. 19.)

SOLICITORS' ACCOUNTS.

(Vol. XII of "THE ACCOUNTANTS' LIBRARY" Series *q.v.*) (2nd Ed., 92 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** Designed to meet the requirements of either large or small practices, the system of Accounts advocated is clearly described, and numerous alternative methods, suitable under various circumstances, are fully dealt with. The work consists of Six Chapters, and contains a fully worked out set of *pro forma* Transactions illustrating the correct method of keeping each book described. Among other important matters the following are duly considered:—The Separation of Clients' Moneys, County Court Business, Agency Business, Draft Bills of Costs, &c. Every effort has been made to formulate a system combining Simplicity with Completeness and Practical Efficiency.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

STOCKBROKERS' ACCOUNTS.

(Vol. IX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (2nd Ed., 110 pp., 8vo.) By **W. D. Callaway**, Chartered Accountant. The unique system of Dealing and Accounting that obtains on the London Stock Exchange is fully explained in this book. Synopsis:—(1) The method of dealing; (2) The Settlement of Bargains; (3) Minor and Subjective Difficulties; (4) Calls and Dividends, Rights, Options, Put and Call, Giver and Taker, Arbitrage, Settlement, Department or Clearing House; (5) Description of Books necessary for a Jobber; (6) Description of Books necessary for a Broker; (7) Trial Balance; (8) Specimen Accounts; (9) The Audit; (10) Fraud in Stockbrokers' Accounts. A Glossary of Stock Exchange Words and Phrases and a comprehensive Index follow, the whole being supplemented by an Appendix divided as follows: (a) Share Calculation Table; (b) Stamp Duties; (c) Illustration of a Make-up; (d) Commission usually Charged by Brokers; (e) Stock Exchange Rules relating to Official Quotations.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

STOCK EXCHANGE: PAST AND PRESENT, THE

(125 pp., 8vo.) By **Arthur H. Woolf, M.A.** (Lond.) Barrister-at-Law. This little book presents a short and succinct account of the rise and development of the London Stock Exchange from the earliest times to the present day. A full description is given of the course of business, as well as of the present constitution and management of the London Exchange. Chapters are added on the Continental Stock Exchanges and Wall Street.

2/6 net. Post free U.K. and Abroad, 2/9.

STUDENTS' GUIDE TO ACCOUNTANCY.

(2nd Ed., 110 pp., 8vo.) By **L. R. Dicksee, M.Com., F.C.A.** This work affords reliable information for those who contemplate entering the Accountancy Profession, and will be found of value to all Articled Clerks in helping them to acquire the necessary knowledge to enable them to pass their examinations. Synopsis:—A Sketch of the Accountancy Profession—On being Articled—The Preliminary Examination—The First Half of Articles—The Intermediate Examination—The Last Half of Articles—The Final Examination—Afterwards—Appendix A: *Pro forma* Articles—Appendix B: Instructions to Candidates—Appendix C: Hints on Preparation for the Examinations.

2/6 net. Post free U.K. and Abroad, 2/9.

SUPERTAX, THE, AND HOW TO AVOID OVER-CHARGES AND PENALTIES.

(20 pp., 8vo.) By **C. E. Isaacs**. This new work will be of timely service to taxpayers, who, under the Finance Act, 1909, will be compelled to disclose their total incomes from every source—not to obtain *alleviation* of their income-tax burdens, but to reveal to the Inland Revenue authorities the extent to which they are liable to *increased* taxation, under the newly imposed "Supertax."

1/- net. Post free U.K. and Abroad, 1/1.

TABLE A. [REVISED.]

(22 pp., 8vo.) Regulations for Management of a Company Limited by Shares.

6d. net. Post free U.K. and Abroad, 7d.

TERMINAL COST ACCOUNTS.

(See Cost Accounts, p. 19.)

THEATRE ACCOUNTS.

(Vol. V of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (81 pp., 8vo.) By **W. H. Chantrey**, Chartered Accountant. This work sets out the system of Recording the Receipts of a Theatre, with a Complete Set of House Returns, and also details the method of Checking the House and other Receipts. It deals with the Treasury and other Expenditure, and includes a Form of Weekly Financial Statement and Treasury Sheet. Advance Booking, Library Accounts, Provincial Tours, and Authors' Fees are also dealt with, together with the consideration of Cost of Production and Depreciation, with an explanation of the Depreciation Table. Notes concerning the Revenue Account and Balance Sheet, and the Audit are included, and the Appendix contains Forms of Lord Chamberlain's Licences, Agreements with Artistes, Authors, and Touring Company, a *pro forma* Balance Sheet and Revenue Account, and a Depreciation and Sinking Fund Table for 100 years, at 3 to 6 per cent.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

TIMBER MERCHANTS' ACCOUNTS.

(Vol. XXXV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (100 pp., 8vo.) By **E. E. Smith**, Chartered Accountant. The Accounts of both the Wholesale and Retail Businesses are dealt with in this volume, and information is given as to the methods necessary to properly record the transactions of a firm having branches at various places.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

TIME TABLES

(See Bankruptcy and Company Time Tables, p. 10.)

TRAMWAY BOOKKEEPING AND ACCOUNTS.

(Vols. XV and XLVIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (282 pp., 8vo.) By **Donald McColl**. This work is based upon the very thorough and up-to-date methods in operation in the Glasgow Corporation Tramways Department, and will be of considerable service to Tramway Officials and others interested in Tramways, both here and in America. The entire System of Accounting is clearly and fully described, and facsimiles of all the Books and Forms recommended are given. Synopsis: Introductory and General—Traffic—Wages—General Stores—Power Stations—Depôts—Works—Permanent Way and Electrical Equipment of Track—Weekly Revenue and Expenditure Statement—General Bookkeeping—Annual Balance—Sinking Fund, Depreciation, Renewal, and Reserve Funds—Insurances—Friendly Societies—Superannuation Fund—Valuation for Local Assessments, together with a **Supplement** dealing with the following:—Standardisation of Accounts—Disadvantages of Expenditure Ledger System—Numerical List of Accounts—Allocation of Wages—Allocation of Materials—Special Statistical Items suggested—List of Forms—Facsimiles of Books and Forms—Index.

Net price (post free U.K.) 12/6; Abroad, 13/2.

THE SUPPLEMENT separately.

2/6 net. Post free U.K. and Abroad, 2/9.

TRANSACTIONS OF THE UNION OF CHARTERED ACCOUNTANT STUDENT SOCIETIES.

(See Union, &c., p. 42.)

TREATMENT OF FLUCTUATING CURRENCY IN ACCOUNTS.

(60 pp., 8vo.) By **A. E. Cutforth, A.C.A.** This book deals as shortly and concisely as possible with this particular branch of the subject of Foreign Exchange. Simple examples have been used throughout to illustrate the detailed explanations given. Among the matters discussed in relation to fluctuating currency are: Treatment of Revenue Receipts and Expenditure—Treatment of Capital Expenditure—Current Account between an English and a Foreign Office—Valuation of Floating Assets and Liabilities—Treatment of Stores Accounts—Differences in Exchange: how arising and how dealt with—Use of "Permutation" or "Conversions" Account.

2/6 net. Post free U.K. 2/9; Abroad, 2/10.

TRIAL BALANCE BOOK, THE HANDY.

7d. net. Post free U.K. and Abroad, per copy, 8d.
Per doz., 6/- net. Abroad, 6/8.

TRUSTEES, LIQUIDATORS, AND RECEIVERS, A CHART OF THE RIGHTS AND DUTIES OF.

By **W. R. Willson, B.A.**, Barrister-at-Law. A Chart of the Liabilities, Duties, Powers, Rights, Appointment and Removal of Trustees in Bankruptcy, Compulsory, Voluntary, and Supervision Liquidations, Trustees under Deeds, and Receivers.

1/- net. Post free U.K. and Abroad, 1/3.

TRUSTEES, LIQUIDATORS, AND RECEIVERS, THE ACCOUNTS OF.

(Vol. XLI of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (135 pp., 8vo.) By **S. S. Dawson, M.Com., F.C.A.**, and **H. R. Graves, A.C.A.** This Work deals fully with its subject, and will be found of the greatest use to all Accountancy Practitioners. It deals with the Accounts of Trustees in Bankruptcy, under Deeds of Arrangement; Liquidators in Compulsory Winding-up, in Voluntary Winding-up, and in Winding-up subject to the supervision of the Court; "Pending" Liquidations and Accounts of Receivers. All necessary Forms and Examples are given, together with an exhaustive Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

TRUSTEES, LIQUIDATORS, AND RECEIVERS, THE LAW OF.

(3rd Ed., 278 pp., 8vo.) By **W. R. Willson, B.A.**, Barrister-at-Law. A succinct statement of the law, as established by the latest statutes and decisions, written analytically for students reading for the Examinations of the Institute of Chartered Accountants and the Society of Accountants and Auditors. The work deals with the Appointment and Removal, the Rights, Powers, Duties, and Liabilities of Trustees in Bankruptcy: Trustees under Schemes or Compositions and in Administrations of Deceased Insolvents: Special Managers in Bankruptcy: Trustees under Private Deeds of Arrangement: Liquidators in Compulsory Winding-up: Provisional Liquidators: Special Managers in Winding-up: Liquidators in Voluntary Winding-up: Liquidators in Winding-up under Supervision: Receivers appointed by the Court: Managers and Consignees: Receivers appointed by Parties, together with Abbreviations, Definitions, Index to Cases cited. Appendix of Forms, Time Table, and Chart.

Net price (post free U.K.) 10/6; Abroad, 11/2

(See also **Receiver and Manager in Possession**, p. 37.)

UNDERWRITERS' ACCOUNTS.

(Vol. XXII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) 2nd Ed., (100 pp., 8vo.) By **E. E. Spicer, F.C.A.**, and **E. C. Pegler, F.C.A.** This work deals somewhat fully with the general principles underlying the business, in order that those not acquainted with Accounts of this nature may more readily grasp the system laid down; but the whole subject has necessarily been dealt with from the point of view of Accounts. Since the first edition of this book was published the system of Account-keeping at Lloyd's has materially altered in certain respects, necessitating a thorough revision of the text. The general adoption of what is known as "Syndicate Form," which involves considerable difficulties from an Accountancy point of view, rendered necessary the addition of a special chapter on this subject, which is amply illustrated by specimen forms and accounts.

5/- net. Post free U.K. 5/3; Abroad, 5/6.

UNION OF CHARTERED ACCOUNTANT STUDENT SOCIETIES' JOINT TRANSACTIONS.

(8vo.) This publication, which is issued annually, contains selected and edited Lectures and Essays read before the various Chartered Accountant Students' Societies.

The issue for 1912 (8vo., xvi. + 455 pp.) contains the following Lectures:—A Few Notes on Auditing, by F. R. M. de Paula, A.C.A.; Some Further Notes on Auditing, by F. R. M. de Paula, A.C.A.; Professional Auditors, by Arthur F. Dodd, F.C.A.; Some Notes on Stock Exchange Transactions, by Ernest C. Pegler, F.C.A.; Deeds of Arrangement, by H. W. Naish; Income Tax and Income Assessable under Schedule D., by Geo. Elder Levie, Chartered Accountant; Cotton: From Planter to Consumer, by Charles Stewart; The Repayment of Loans of Commercial and Financial Undertakings (Sinking Funds), by E. Hartley Turner, A.C.A.; The Promotion and Accounts of a Public Limited Company, by M. Webster Jenkinson, F.C.A.; Administration of Bankrupt Estates, by E. Wynne Humphreys (Official Receiver, Nottingham); Labour Co-Partnership, by L. W. S. Rostron, L.C.C.; Conditions and Warranties on the Sale of Goods, by Herbert Jacobs, B.A.; The Need of Present Accounting for Past Unexpired Capital Outlay, by P. D. Leake, F.C.A.; Some Notes on Trust Accounts, by F. Percy Jenkins, F.C.A.; Municipal Finance, by James W. Wright, F.S.A.A.; The Law of Contracts, by Arthur C. Caporn, Barrister-at-Law; The Depreciation of Gilt-Edged Securities, by E. E. Spicer, F.C.A.; The Sale of Goods Act, 1893, by W. E. Farr; Reduction of Capital, by F. E. Bradley, LL.D. (London), M.A., Barrister-at-Law; Debentures and their Operation, by T. E. Silvester; The Preparation of Comparative and Interim Accounts, by Ernest C. Pegler, F.C.A.

Price 4/- net. Post free U.K. 4/4; Abroad, 4/8.

* * The issues for 1910 & 1911 can still be obtained.

URBAN DISTRICT COUNCILS' ACCOUNTS.

(Vol. XLV of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (140 pp., 8vo.) By **F. S. Eckersley**. This work provides a complete practical manual illustrative of the method of keeping the Accounts of Local Authorities on the basis of Income and Expenditure, for the use of Clerks and Accountants to Urban District Councils. The book will also be found useful to Clerks to Rural District Councils, Assistant Overseers, Rate Collectors, and other Financial Officers, to members of Local

Authorities interested in financial matters affecting local government, and to students of municipal finance. Synopsis: Introduction—General District Revenue, Income—General District Revenue, Expenditure—Income from Loans and Capital Outlay—Private Street Works Accounts—Income from and Expenditure in connection with Reproductive Undertakings—Education Accounts—Audit and General—Financial Administration, together with 56 Forms, Appendix and Index.

5/- net. Post free U.K. 5/4; Abroad, 5/7.

VADE MECUM, ACCOUNTANT'S AND BOOK-KEEPER'S.

(234 pp., 8vo.) By G. E. Stuart Whatley, Second Edition by R. N. Carter, M.Com., F.C.A. This Work consists of a Series of practical Articles upon Capital and Revenue Expenditure, Revenue Accounts, Deficiency Accounts, Statements of Affairs, Renewals and Depreciation, The Double Account System, Reserve and Sinking Funds, Adjustment of Partnership Accounts, Joint Stock Companies' Accounts, Tabular Bookkeeping, Amalgamations, Hotel and Theatre Accounts, and other matters not generally dealt with in existing works on Bookkeeping, together with useful Forms and Directions and numerous *pro forma* Accounts.

Net price (post free U.K.) 7/6; Abroad, 8/1.

WATER COMPANIES' ACCOUNTS.

(Vol. XIX of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (80 pp., 8vo.) By F. Key, Incorporated Accountant. The complete system of Bookkeeping advocated is illustrated by full *pro forma* Accounts. Synopsis: Introduction. Chapter I.—Meter and General Rent Ledgers and books subsidiary thereto. Chapter II.—The Collection of the Company's Rents and the internal check thereon. Chapter III.—The Stores Department: Intake and Delivery. Chapter IV.—The Principal Financial Books; Capital and Revenue; Audit. Chapter V.—Miscellaneous Books; Conclusion. Appendices:—Accounts of the Hillside Water Company; Trial Balance; Revenue and Capital Accounts and Balance Sheet; Extracts from Acts of Parliament pertaining to Water Companies' Accounts. Index.

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

WEST AFRICAN GOLD MINING ACCOUNTS.

(134 pp., 8vo.) By Fred J. Lock, A.S.A.A. This practical guide for the introduction and working of a system of accounts suitable for a gold mine in West Africa is the result of the many years' experience the Author had as Chief Accountant on some of the largest gold mines of that country. In carrying out the duties which devolve upon an Accountant on a mine, the need is often felt of a book of reference giving some concise and workable system of accounts, suitable for either large or small undertakings, and this book will, it is hoped, prove of value to mine managers and accountants, and those whose business brings them into contact with mining companies. The work is freely illustrated with Forms distributed throughout the text, and deals with the engagement of Workmen and Conditions of Service, &c., Allocation Lists, Time-keeping, Stores, the General Bookkeeping and Final Accounts, Record Books, Returns, &c., and the Head Office Books. The Forms have for the most part been put to the test by actual use on the West African Goldfields.

5/- net. Post free U.K. 5/3; Abroad 5/6.

WINE AND SPIRIT MERCHANTS' ACCOUNTS.

(Vol. XXXII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (190 pp., 8vo.) By **A. Sabin**. This book describes a complete system of Accounts on a thoroughly practical basis, suitable for a small Country Business, or one with a large Town connection. The transactions of the "Universal Wine and Spirit Company" are followed in detail from the receipt of an Order to the appropriation of the Profits in the Partners' Balance Sheet. The system is a simple one, and the books self-balancing. The technical information given, with the Customs and Excise Regulations and Duties, and Licences payable in dealing with Wines and Spirits, will be found useful.

5/- net. Post free U.K. 5/4 ; Abroad, 5/8.

WOOLLEN ACCOUNTS.

(Vol. XLIII of "THE ACCOUNTANTS' LIBRARY" Series, *q.v.*) (76 pp., 8vo.) By **J. Mackie**. A complete System of Bookkeeping for Woollen and other Warehousemen. Describes fully the necessary Books and Forms for the Warehouse and the Counting House, together with the Statistical Books.

3/6 net. Post free U.K. 3/9 Abroad, 3/10.

A LIST OF THE VOLUMES OF THE ACCOUNTANTS' LIBRARY.

For Subscription Rates see page 48.

A SERIES of 51 Handbooks, each separate volume of which deals with a system of Bookkeeping suitable for the particular business described, together with a complete set of *pro formâ* Accounts. Demy 8vo size, uniformly bound in cloth, gold lettered.

I.—BANK BOOKKEEPING AND ACCOUNTS.

3rd Ed. (Meelboom & Hannaford.) (See p. 10.)
5/- net. Post free U.K. 5/4; Abroad, 5/8.

II.—AUCTIONEERS' ACCOUNTS.

2nd Ed. (Dicksee.) (See p. 8.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10.
*. New Edition in the Press.

III.—BUILDERS' ACCOUNTS.

3rd Ed. (Walbank.) (See p. 14.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10.

IV.—AGRICULTURAL ACCOUNTS AND INCOME TAX.

2nd Ed. (Meats.) (See p. 7.)
5/- net. Post free U.K. 5/4; Abroad, 5/7.

V.—THEATRE ACCOUNTS.

(Chantrey.) (See p. 40.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10

VI.—CO-OPERATIVE SOCIETIES' ACCOUNTS.

2nd Ed. (Sugden.) (See p. 17.)
5/- net. Post free U.K. 5/3; Abroad, 5/6

VII.—GAS ACCOUNTS.

2nd Ed. (The Editor.) (See p. 26.)
5/- net. Post free U.K. 5/4; Abroad, 5/7.

VIII.—MINERAL WATER MANUFACTURERS' ACCOUNTS.

(Lund & Richardson.) (See p. 32.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10.

IX.—STOCKBROKERS' ACCOUNTS.

2nd Ed. (Callaway.) (See p. 39.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10.

X.—GRAIN, FLOUR, HAY, AND SEED MERCHANTS' ACCOUNTS.

(Johnson.) (See p. 26.)
3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XI.—POLYTECHNIC ACCOUNTS.

(Marshall.) (See p. 35.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XII.—SOLICITORS' ACCOUNTS.

2nd Ed. (Dicksee.) (See p. 38.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XIII.—PAWNBROKERS' ACCOUNTS.

(Thornton & May.) (See p. 34.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XIV.—ENGINEERS' AND SHIPBUILDERS' ACCOUNTS.

2nd Ed. (Burton.) (See p. 22.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XV.—TRAMWAY ACCOUNTS.

(McColl.) (See p. 40.)

Net price (post free) U.K. 10/6; Abroad, 11/2.

XVI.—AUSTRALIAN MINING COMPANIES' ACCOUNTS.

(Godden & Robertson.) (See p. 9.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XVII.—PRINTERS' ACCOUNTS.

(Lakin-Smith.) (See p. 35.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XVIII.—MEDICAL PRACTITIONERS' ACCOUNTS.

(May.) (See p. 32.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XIX.—WATER COMPANIES' ACCOUNTS.

(Key.) (See p. 43.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XX.—FISHING INDUSTRY ACCOUNTS.

(Williamson.) (See p. 25.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XXI.—MUNICIPAL ACCOUNTS.

2nd Ed. (Allcock.) (See p. 33.)

Net price (post free) U.K. 10/6; Abroad, 11/2.

XXII.—UNDERWRITERS' ACCOUNTS.

2nd Ed. (Spicer & Pegler.) (See p. 42.)

5/- net. Post free U.K. 5/3; Abroad, 5/6.

XXIII.—JEWELLERS' ACCOUNTS.

(Allen Edwards.) (See p. 29.)

5/- net. Post free U.K. 5/4; Abroad, 5/8.

XXIV.—MULTIPLE-SHOP ACCOUNTS.

(Hazelip.) (See p. 33.)

3/6 net. Post free U.K. 3/10; Abroad, 3/11.

XXV.—BUILDING SOCIETIES' ACCOUNTS.

(Grant-Smith.) (See p. 14.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XXVI.—DEPRECIATION, RESERVES, AND RESERVE FUNDS.

3rd Ed. (Dicksee.) (See p. 20.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XXVII.—QUARRY ACCOUNTS.

(Ibotson.) (See p. 37.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XXVIII.—FRIENDLY SOCIETIES' ACCOUNTS.

(Furnival Jones.) (See p. 25.)

5/- net. Post free U.K. 5/4 ; Abroad, 5/8.

XXIX.—ELECTRIC LIGHTING ACCOUNTS.

2nd Ed. (Johnson.) (See p. 21.)

Net price (post free) U.K. 7/6 ; Abroad, 8/2.

XXX.—FRAUD IN ACCOUNTS.

2nd Ed. (Editor.) (See p. 25.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XXXI.—DRAPERS' ACCOUNTS.

2nd Ed. (Richardson.) (See p. 21.)

5/- net. Post free U.K. 5/4 ; Abroad, 5/8.

XXXII.—WINE MERCHANTS' ACCOUNTS.

(Sabin.) (See p. 44.)

5/- net. Post free U.K. 5/4 ; Abroad, 5/8

XXXIII.—DAIRY ACCOUNTS.

(Rowland.) (See p. 20.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XXXIV.—BRICKMAKERS' ACCOUNTS.

(Fox.) (See p. 14.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/11.

XXXV.—TIMBER MERCHANTS' ACCOUNTS.

(Smith.) (See p. 40.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XXXVI.—INSURANCE COMPANIES' ACCOUNTS.

(Tyler.) (See p. 29.)

Net price (post free) U.K. 10/6 ; Abroad, 11/2.

XXXVII.—HOTEL ACCOUNTS.

2nd Ed. (Dicksee.) (See p. 27.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XXXVIII.—LAUNDRY ACCOUNTS.

(Livesey.) (See p. 30.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XXXIX.—COTTON SPINNERS' ACCOUNTS.

(Moss.) (See p. 19.)

5/- net. Post free U.K. 5/4 ; Abroad, 5/7.

XL.—SHIPPING ACCOUNTS.

(Daly.) (See p. 38.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XLI.—TRUSTEES', LIQUIDATORS', AND RECEIVERS' ACCOUNTS.

(Dawson.) (See p. 41.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XLII.—MULTIPLE-COST ACCOUNTS.

(Garry.) (See p. 18.)

3/6 net. Post free U.K. 3/9 ; Abroad, 3/10.

XLIII.—WOOLLEN, &c., ACCOUNTS.(Mackie.) (*See* p. 44.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XLIV.—BREWERS' AND BOTTLERS' ACCOUNTS.(Lanham.) (*See* p. 14.)

Net price (post free) U.K. 10/6; Abroad, 11/2.

XLV.—URBAN DISTRICT COUNCILS' ACCOUNTS.(Eckersley.) (*See* p. 42.)

5/- net. Post free U.K. 5/4; Abroad, 5/7.

XLVI.—TERMINAL COST ACCOUNTS.(Nisbet.) (*See* p. 19.)

3/6 net. Post free U.K. 3/9; Abroad, 3/10.

XLVII.—SINGLE COST ACCOUNTS.(Mitchell.) (*See* p. 19.)

5/- net. Post free U.K. 5/4; Abroad, 5/7.

XLVIII.—TRAMWAY BOOKKEEPING AND ACCOUNTS**SIMPLIFIED** (a Supplement to Vol. XV). (*See* p. 40.)

(McColl.)

2/6 net. Post free U.K. 2/9; Abroad, 2/9.

XLIX.—PROCESS COST ACCOUNTS.(Garry.) (*See* p. 18.)

5/- net. Post free U.K. 5/4; Abroad, 5/7.

L.—BAKERS' ACCOUNTS.(Meggison.) (*See* p. 9.)

5/- net. Post free U.K. 5/4; Abroad, 5/7.

LI.—COLLIERY ACCOUNTS.(Mann.) (*See* p. 16.)

5/- net. Post free U.K. 5/4; Abroad, 5/7.

SUBSCRIPTION RATES.

To Subscribers to 20 or more volumes at a time these are published at the following special subscription rates:—

PUBLISHED PRICE.

3/6

5/-

7/6

10/6

SUBSCRIPTION PRICE.

2/6

3/9

5/-

7/6

The subscription prices, **CARRIAGE PAID**, are as follows:—

				UNITED KINGDOM.			ABROAD.		
				£	s	d	£	s	d
Volumes I. to XX.	..	..	..	3	0	0	3	6	10
Volumes XXI. to LI.	..	..	..	5	8	3	5	19	0
Volumes I. to LI.	..	..	..	8	8	3	9	6	0

Single copies of any volume may be obtained at the ordinary rates, as detailed above.



THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

MAY 22 1937

7 Nov 57 FHE

REC'D LD

OCT 27 1957

LD 21-100m-8,'84

PC 45257

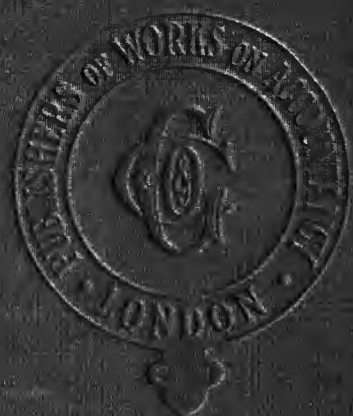
324283

HF 5635

.D5

1913

UNIVERSITY OF CALIFORNIA LIBRARY



5/- Net.